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SRI LANKA
The good tea crop has its problems
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World News

London talks revive hopes of progress over Ulster

Stalled talks on Northern Ireland's political future could reopen following a meeting in London between British prime minister John Major and unionists and nationalists from the province. The Northern Ireland politicians agreed to discuss how to overcome obstacles to formal talks.

After the meeting – called to discuss Ulster's security problems – the prime minister's office hailed the outcome as a "modest but significant breakthrough." Page 5

Irish cabinet changes
Ireland's new prime minister, Albert Reynolds, replaced eight of ex-premier Charles Haughey's 14-person cabinet and moved three others. Page 2

Yugoslav truce breached
Three Serb irregulars and a Croat militiaman died in the worst outbreak of fighting in Croatia since the Yugoslav ceasefire began five weeks ago. Page 2

Harkin sweeps caucus
Senator Tom Harkin won 78 per cent of the votes in Monday's Democratic party caucuses in his home state of Iowa, but his campaign seemed unlikely to get much impetus from the victory. Page 4

Pakistan halts march
Pakistan's army stopped Moslem militants crossing the ceasefire line in the state of Kashmir, which is disputed with India. Page 4

Ukraine appeals to UN
Ukraine appealed to the United Nations for the suspension of Russian rights over overseas property of the former Soviet Union. It said millions of dollars belonging to Ukraine were frozen in Moscow banks. Nuclear waste problems mount, Page 2

Refugee flow continues
More than 70,000 Burmese Moslems are sheltering in Bangladesh after fleeing alleged persecution by the army of mainly Buddhist Burma.

Tyson convicted of rape
Former heavyweight boxing champion Mike Tyson, 25, was found guilty by an Indianapolis jury of raping a beauty queen. He could face a long jail sentence when he is sentenced next month.

Sikh leaders held
Leaders of an influential Sikh religious organisation were arrested after they urged voters to boycott elections due to be held in the Indian state of Punjab next week.

Vote on tobacco adverts
The European Parliament in Strasbourg voted narrowly to back a ban on tobacco advertising in the EC. The final say on the proposal rests with national governments. Germany, the Netherlands, Denmark, Greece and Britain oppose the scheme. Page 2

Europe's jobless
More than 13m people were unemployed in the European Community last year, the community's statistics office said – 880,000 thousand more than in 1990. More than 770,000 of the newly unemployed came from Britain.

Briton jailed for fraud
Peter Clowes was jailed for 10 years in England for perpetrating one of the biggest frauds in UK history. He stole more than £14m ($25.3m) from investors who thought their money was being placed in government stocks. Page 7

Ex-chairman for trial
Asil Nadir, former chairman of fruit to electronics company Polly Peck, was committed for trial at London's Old Bailey court on 66 charges of theft and three of false accounting involving almost £100m ($181m). Page 20

Business Summary

Belgian bank starts talks on cross-border insurance

Banque Bruxelles Lambert, Belgium's second largest bank, is negotiating a deal with two shareholders to distribute insurance products through its branch network. This could squeeze out a counter-proposal from Internationale Nederlanden Groep (ING), the Dutch banking and insurance group.

ING, which owns 5.9 per cent of BBL through a Belgian subsidiary, was believed last year to be on the point of launching a paper-and-cash bid for BBL. Page 13

ERICSSON, Swedish telecommunications group, said weak demand and restructuring provisions had pushed pre-tax profits for 1991 down by two-thirds to SKr1.6bn ($274.4m). It warned that demand for telecoms products would continue to be "very weak". Page 13

LLOYD'S: A group of Names – individuals whose assets support underwriting at Lloyd's of London – won an out-of-court settlement worth £116m ($210m). The decision will raise hopes for other Lloyd's Names involved in legal action. Page 12

BRITISH Airways surprised the City of London by reporting pre-tax profits of £100m ($181m) for its third quarter, against £20m the year before. Page 13

JAVIER Pérez de Cuéllar, former UN secretary-general, is to join the boards of the US and European banks controlled by Edmond Safra, Swiss-based international banker. Page 12

UK ECONOMY: There was no sign of an imminent cut in British interest rates despite speculation about a reduction in financial markets, a Bank of England admission that the economy is stuck in recession and a sharp fall in inflationary pressures. Page 12 and Lex

PHILIPPINES: The IMF may be about to approve resumption of the remaining $250m of a standby facility in support of Manila's economic stabilisation programme. Page 4

SNC, Canada's biggest engineering group, with Japanese, German and Thai partners, is finally to proceed with the $2.5bn Bangkok Skytrain transport system. Page 4

BNL: The US government is delaying the reimbursement of $350m in export credit guarantees on loans made to Iraq by the Atlanta branch of Italy's Banca Nazionale del Lavoro. Page 4

SCANDINAVIAN Airlines System bought 51 per cent of Linjeflyg, Swedish domestic airline, to consolidate its position in the Nordic market. The deal involved SAS reacquiring the half-share in Linjeflyg that it sold only 17 months ago. Page 14

KUWAIT is going ahead with construction of a $1.8bn power plant, the largest project since the Gulf war ended. Mitsubishi of Japan, the lead contractor, is likely to supply boilers and turbines worth about $1bn. Page 4

AMSTRAD, UK electronics and computer group, suffered its first-ever pre-tax loss – of £15.18m ($27m) in the six months to end-December, against a profit of £40.08m previously. Page 14

SRI LANKA'S has been pledged $825m in aid for 1992 by government donors and the World Bank. Page 4

MITSUI, Japanese trading company, has joined forces with investors, including a fund controlled by the Pritzker family of Chicago, to invest an initial $100m in Savoy Pictures, a new film distribution company. Page 16

CHILEAN FRUIT growers and exporters are suing the US government for $212m in compensation for the losses they suffered during a three-week trade embargo in 1989. Page 24

Germany calls for redistribution of European financial burden

Row looms over EC budget

By David Gardner in Strasbourg

THE European Commission last night agreed on proposals to raise Community budget revenue by a third over the next five years. Officials fear the package could lead to a re-opening of budgetary squabbles between the UK and other EC members.

If member states approve the plan, several countries undergoing fiscal strain will be asked to contribute significantly more than they do now, and there are clear signs that some will fight hard to shift part of the burden.

Germany, the EC's main paymaster even while it is straining to finance unification and pay for its large east European aid programme, has already asked the Commission to re-examine the budget rebate the UK has received since 1985.

A senior Commission official said yesterday, however, that this would not happen until after the UK election, which must be held by July.

The Financial Times has obtained normally confidential details on the net contributions made by EC governments. These illustrate why some countries are likely to demand revisions to the budget arrangements.

Germany this year is contributing a net Ecu9bn to the EC's Ecu66bn ($86bn) budget. The UK – the second largest net contributor – would contribute just over Ecu5bn but would receive a more than Ecu2bn "abatement". This was originally won by Mrs Margaret Thatcher, the former UK prime minister, because Britain gets proportionally less than its comparable partners from the farm budget, which still accounts for 54 per cent of EC spending.

While contributions from both countries, and from France, the other main net contributor, are set to rise anyway, Germany wants a redistribution of financial responsibility. "It is pretty obvious that we have to talk about the UK rebate again," a German official said.

1992 EC Budget (in Ecu bn)

	After UK rebate	Before UK rebate
Net contributors		
Germany	9.0	8.5
UK	3.0	5.0
France	1.5	0.9
Netherlands	0.1	0.0
Net recipients		
Denmark	0.5	0.5
Italy	0.8	1.1
Luxembourg	0.7	0.7
Portugal	1.1	1.2
Belgium	1.6	1.7
Ireland	2.4	2.4
Spain	2.9	3.2
Greece	3.9	3.9

Source: European Commission

Belgium and Italy, two countries intent on entering the currency union in the first wave later this decade, will be particularly hard hit. Belgium, like Denmark and the Netherlands, usually fares better under the EC budget than its high per capita income status would justify. Italy's position fluctuates; last year it took Ecu600m net out of the budget but in 1991 it contributed a net Ecu400m.

But both Belgium and Italy face uphill struggles to reduce their public indebtedness and budget deficits in order to meet the stiff conditions to enter economic and monetary union (Emu) which is due by 1999 at the latest.

The Commission, concerned to contain the budgetary squabbles it fears will break out, insisted yesterday that the overall benefit of EC membership can not be quantified simply in budgetary contributions.

"French trade with Spain has increased 60 per cent since it joined the Community; where is that in the net balances?" an official said.

The 1993-97 financial plan, which Mr Jacques Delors, Commission president, is due to present to the European Parliament today, calls on on the richer countries to make a much greater effort to help the poorer south and periphery of the Community. It aims to double fiscal transfers to Spain, Ireland, Portugal and Greece, in order to raise their income and help them prepare for Emu.

Under the Commission plan, unanimously approved last night, EC revenue would rise from Ecu66bn this year to Ecu88bn in 1997, at 1992 prices. Of this, Ecu29bn would go to help laggard and industrially declining regions catch up; nearly Ecu39bn would be spent on agriculture; and more than Ecu6bn would be earmarked for external aid.

Cost of help for troubled industries would amount to little more than Ecu4bn.

UK faces court action, Page 2

Gatt says rainforest 'services' should be paid for

By David Dodwell in London

INDUSTRIAL countries should pay countries such as Brazil and Indonesia for the "carbon absorption services" provided by their rainforests, a report published today argues.

The report on trade and the environment from the secretariat of the Geneva-based General Agreement on Tariffs and Trade (Gatt) says that this would be more effective in curbing deforestation than attempts to ban trade in logs.

The proposal illustrates a broader concern in the report that trade measures – whether tariff walls, export bans or countervailing duties – are seldom effective in tackling environmental problems.

This concern challenges what Gatt regards as a worrying tendency – that environmental causes are being used to cloak protectionist interests.

The report also criticises what it sees as self-appointed arbiters – ranging from governments to lobbying groups – in the industrial world for threatening trade sanctions against countries which do not mirror its environmental priorities.

The report is published four months ahead of the Rio "earth summit", and is intended to provide a focus for what is expected to be a heated debate on trade and the environment.

It says that rainforest states are "effectively exporting, free of charge, "carbon absorption services" to the rest of the world.

Gatt says an export ban on timber would do nothing to halt deforestation: log and processed timber exports account for less than 1 per cent of trees felled in developing countries, whereas 80 per cent are felled as fuel for people too poor to afford other fuels.

It says that 80 per cent of "greenhouse gas" emissions come from industrial countries, "so it is those countries which should look to solutions, rather than ask lower-income countries to provide a solution."

It calls for international agreement on plans to halt deforestation, which would include compensation to countries that are home to large rainforests and improved access to industrial markets for their exports.

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UK fraud reform call as Guinness trial collapses

By Raymond Hughes and Alison Smith in London

THE SECOND trial arising from a share support operation mounted by Guinness, the international drinks company, during its takeover of Distillers Group in 1986 collapsed yesterday, with a call from the judge for a radical solution to the problems of long and complex fraud cases in Britain.

In the House of Commons, the trial's collapse brought concern from all parties about the costs of the case, and immediate calls from the Labour opposition for a review of the way in which serious fraud cases are handled.

Mr Justice Henry yesterday discharged the jury because of serious concern over the mental and emotional health of Mr Roger Seelig, a former corporate finance director at Morgan Grenfell, the merchant bank.

It would not be right in the circumstances, he added, to continue the trial against Lord Spens, former corporate finance managing director at Henry Ansbacher, the merchant bank. Mr Seelig and Lord Spens denied fraud and false accounting charges.

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The judge said the Serious Fraud Office had a week in which to consider its position.

He said: "Once again this case has thrown up the problems of long criminal trials and the appropriateness of our criminal justice system – whose rules were designed to cater for short trials and simple facts – to such long and complex trials.

"It seems inevitable that we must find a cheaper and quicker way to deal with serious fraud trials, and the likelihood is we shall need a radical solution rather than merely tinkering with procedures."

Prosecutions arising from three UK financial scandals of

Continued on Page 12

Before the collapse: Roger Seelig (right) arriving for yesterday's session of the Guinness trial with George Devlin, who has been assisting Mr Seelig at Southwark Crown Court

Fed confident of recovery but still ready to cut rates

By Michael Prowse in Washington

THE Federal Reserve believes it has done enough to revive the stagnant US economy but stands ready to cut interest rates again if growth fails to materialise, Mr Alan Greenspan, Fed chairman, indicated yesterday.

He told bankers in San Antonio, Texas, that the central bank would "if necessary, move to an increased degree of monetary ease". However, he said he believed the monetary stimulus already in the pipeline would prove sufficient.

On Wall Street, many analysts expect a small cut in short-term market rates – now 4 per cent – within the next week or so. Many traders were surprised that the Fed failed to respond last week to much worse than expected employment figures for January. Non-farm payrolls fell 91,000 compared with an expected gain of about 30,000.

The Fed, however, is thought to believe that last Friday's employment figures, which fluctuate markedly on a monthly basis, overstated the underlying weakness in the economy. It is sticking to its view that the economy is flat rather than declining.

Fed officials are also encouraged by a revival of monetary growth in recent weeks, although some of the rebound reflects faulty seasonal adjustments.

In recent testimony, Mr Greenspan rejected claims that monetary policy was ineffectual. He believes the central economic problem is the weakness of personal and corporate balance sheets caused by an excessive build-up of debt in the 1980s.

Lower interest rates are providing direct relief by reducing debt service costs. They have also spurred higher equity and bond prices and thus encouraged the replacement of short-term debt by equity and bond issues.

However, because the US has not faced balance sheet pressures of this kind for several generations, it is unclear how long the restructuring process will take. On several occasions, however, Mr Greenspan has indicated his belief that the bulk of the adjustment is probably complete. The Fed continues to expect a mild recovery in the spring.

In speeches Mr Greenspan has said public anxiety about the economy is excessive in the light of hard data, which continues to be much less discouraging than in the recessions of 1973-75 and 1981-82. The unemployment rate of 7.1 per cent, for example, is far below its previous peaks.

Fed officials believe the competitiveness of US industry has actually risen sharply in recent years. The turning point was the restructuring of manufacturing industry prompted by the strong dollar in the mid-1980s. Since then, US manufacturers have benefited from a combination of lower costs and rapid depreciation of the dollar.

UK interest rates, Page 12

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UK companies may have to pay when they poach trained staff

UK companies which poach trained staff may soon have to pay compensation. Employment secretary Michael Howard (left) says companies can already bind staff until training costs are recouped, but is interested in transfer fees. Page 8

MARKETS

STERLING
New York lunchtime:
$1.8035
London:
$1.8015 (1.826)
DM2.865 (2.8675)
FFr9.7675 (9.7775)
SFr2.565 (2.5625)
Y228.5 (231.25)
£ Index 91.1 (91.4)

GOLD
New York Comex Feb
$357.8 (357.4)
London:
$356.0 (355.2)

N SEA OIL (Argus)
Brent 15-day Mar
$18.50 (18.80)

Chief price changes yesterday: Page 13

DOLLAR
New York lunchtime:
DM1.5905
FFr5.4225
SFr1.422
Y126.55
London:
DM1.5905 (1.5705)
FFr5.4225 (5.355)
SFr1.424 (1.404)
Y126.85 (126.7)
$ Index 62.8 (62.2)

US lunchtime rates
Fed Funds: 3⅞%
3-mo Treasury Bills: 3.849%
Long Bond: 102¼
yield: 7.797%

STOCK INDICES
FT-SE 100: Yield 4.84
2,537.1 (−1.3)
FT-A All-Share:
1,215.47 (+0.0%)
FT-SE Eurotrack 100:
1,137.74 (+0.06)
New York lunchtime:
DJ Ind. Av.
3249.33 (+4.25)
S&P Comp
413.27 (−0.50)
Tokyo: Nikkei
closed

LONDON MONEY
3-month Interbank:
10⅜% (10½%)
Liffe long gilt future:
Mar 97$\frac{11}{32}$ (Mar 97$\frac{11}{32}$)

UK may face court action if it continues EC passport checks

By David Buchan in Brussels

THE European Commission is set to warn Britain soon that it faces court action unless after the start of next year it ceases checks on travellers arriving from other EC states.

If the warning is issued by June, it could coincide with a sensitive UK general election campaign. If it comes after June the UK will have taken over the EC presidency.

The Commission's work programme for 1992, which will be presented to the European Parliament today states the warning will be made "shortly".

Mr Martin Bangemann, the internal market commissioner, said this week he will have ready next month the legal opinion in favour of doing away with all passport checks on travellers crossing internal EC frontiers.

This legal opinion will be on the implications of the 1986 Single European Act's definition of the internal market as "an area without internal frontiers".

Most continental EC states (which have themselves formed the Schengen free travel accord) agree with Brussels that the Act requires abolition of all intra-EC border controls. But the UK, with some backing from Denmark and Ireland, contends the act still gives it the right to control non-EC (and thus in practice EC) citizens and to undertake anti-terrorist and drug checks at sea and airports.

Most of the Commission's 1992 programme confirms the current change in the EC executive's role, from architect to manager of the single EC market. Thus, apart from completing legislation on financial services, public procurement, corporate tax, data protection, food and drug marketing, much of the emphasis is on monitoring the application of existing single market directives. There are, for example, 60 of these affecting agriculture, and Brussels says it needs a new veterinary agency to implement the animal health measures.

Accompanying policies to improve and free up telecommunications, energy and transport networks are also given high priority, while in the non-legislative field Brussels says it will be gearing up to help bring monetary and a common foreign policy about.

While the Maastricht treaty has heightened the Commission's ambitions further, the treaty's clause on "subsidiarity" or states' rights has apparently made it wary about how it achieves these ambitions.

The EC executive promises to "resist over-legislation and intervention" in policy areas which can be dealt with at national, regional or local levels. Perhaps fearing a backlash from member states, the Commission even admits that "its future existence depends on" it fully complying with the principle of subsidiarity.

The Commission wants to do nothing to upset ratification of the Maastricht treaty this year by the 12 national parliaments. It therefore plans to keep member states better informed of its more sensitive actions. As the 1992 programme says, "an efficient early-warning system will be particularly important to avoid ruffling national feathers as a new era dawns for Europe".

MEPs vote for tobacco advertising ban

THE European Parliament voted yesterday to back a Commission proposal to ban all tobacco advertising, except at the point of sale, reports David Gardner from Strasbourg.

It was passed in spite of intense lobbying by the tobacco industry to water down the measure.

The proposal will now go before a meeting of EC health ministers in May, where it has still to overcome a blocking minority of member states formed by the UK, Germany, and the Netherlands. This minority was weakened when Denmark recently changed its position.

The ban was backed by 150 out of 285 Euro-MPs who voted, with 123 against and 12 abstentions.

The Commission's support centred on the majority of the socialist group, the largest bloc in Strasbourg, backed by MEPs from the Greens, Gaullists, and the group made up largely of the former Italian Communist Party.

Christian Democrats, Tory MEPs, and German Social Democrats voted against the ban. The latter argued that it was contradictory to prohibit advertising of a legal product.

The MEPs voted through a series of amendments which in general would stiffen the Commission proposal by allowing member states to take even tougher action, and by tightly circumscribing any possibility of getting round the directive by resorting to indirect advertising.

As often occurs in the European Parliament, a potentially contradictory amendment - put on the agenda by the UK Conservative group - also got through. This would allow all advertising except where public health is at risk.

US pledge on role in Europe's defence

By Robert Mauthner, Diplomatic Editor

THE US yesterday assured Britain that its military commitment to Europe's defence would not be affected by disagreements with the European Community in the Gatt trade liberalisation talks.

Both President George Bush in Washington and his Vice-President, Mr Dan Quayle, who had talks in London yesterday with British government leaders, stressed that there was no connection between the issues.

At the same time, Mr Quayle agreed with his British hosts on "the political imperative" of getting a satisfactory agreement in the Uruguay Round of trade talks as soon as possible.

The confusion about US policy arose out of remarks made by Mr Quayle in Munich last weekend, when he appeared to establish some kind of linkage between the Gatt talks and the US military presence in Europe. He later denied that had been his intention.

In talks yesterday with Mr Douglas Hurd he left the British foreign secretary in no doubt about the strength of the US military commitment, but officials declined to say how large it would be. The US is widely believed to be planning reducing its troop strength to below 100,000, less than a third of the number at the height of the Cold War.

Reynolds makes big changes in Irish cabinet

By Tim Coone in Dublin

IRELAND'S new prime minister, Mr Albert Reynolds, yesterday replaced eight of Mr Charles Haughey's 14-strong cabinet, and moved three others.

The most significant change is at the Foreign Ministry, where Mr Gerry Collins has been replaced by Mr David Andrews. Mr Collins has been a central figure in Anglo-Irish talks on Northern Ireland and had a good working relationship with Mr Peter Brooke, the UK Northern Ireland secretary. The failure to make any political breakthrough, though, had left his cabinet post in doubt, and Mr Andrews' appointment clears the way for possible new initiatives. Mr Andrews has held front-bench posts since the 1970s, and was a junior foreign minister from 1977 to 1979.

Mr Bertie Ahern stays at finance, reflecting Mr Reynold's concern to assure the markets of continuity in economic policy. The two posts held by the Progressive Democrats, the coalition partners, are also unchanged – Mr Des O'Malley at industry and Mr Bobby Molloy at energy.

Senior ministerial posts have been given to former environment minister Mr Padraig Flynn, and Ms Maire Geoghegan Quinn and Mr Michael Smith, both junior ministers sacked with Mr Reynolds by Mr Haughey last November.

Mr Flynn takes over the justice portfolio from Mr Ray Burke, and will be a key figure in talks on Northern Ireland. Mrs Quinn has been given transport and telecommunications, Mr Smith environment.

Also dropped from the cabinet are Mrs Mary O'Rourke (health), Mr Michael O'Kennedy (agriculture), Mr Brendan Daly (social welfare), Mr Rory O'Hanlon (environment), Mr Noel Davern (education), Mr Vincent Brady (defence).

Other new faces in the cabinet are Mr Brian Cowan at labour, Mr John O'Connell at health, Mr Joe Walsh at agriculture, and Mr Charlie McCreevy at social welfare. A cheer went up in parliament at the announcement of Mr McCreevy's name. He is a long-standing opponent of Mr Haughey and led efforts to oust him in the early 1980s.

Mr Noel Dempsey, a young backbencher at the forefront of the most recent rebellion against Mr Haughey, has been appointed Fianna Fail chief whip.

Mr Reynolds was sworn in yesterday as prime minister after having been elected 84-78 in parliament.

In a final statement as premier Mr Haughey said: "If I were to seek any accolade.... it would simply be: He served the people, all the people, to the best of his abilities".

Ireland to get US computer facility

CABLETRON Systems, a US-based manufacturer of computer networking hardware, is to establish a European manufacturing base in Ireland this year, following a rapid growth in sales over the past three years, writes Tim Coone from Dublin.

The I£12m ($20.4m) manufacturing facility will be located at the Plassey Technological Park in Limerick, a focal point for electronic industry development in the west of Ireland.

The project is being part-funded by Ireland's Industrial Development Authority (IDA), and will also be able to take advantage of Ireland's low corporate tax rate of 10 per cent.

The company, founded in 1983, manufactures "intelligent hubs", which enable computers of diverse design and architecture to link together into local area networks.

Its projected world sales for 1992 are $290m, 25 per cent of which will be for the European market.

There are now about 250 electronics companies located in Ireland, employing 26,000 people.

Exports of electronic equipment and parts now comprise approximately 20 per cent of Ireland's total exports.

$142m phone deal for Puerto Rico

Telefonica de España, a Spanish telephone company, is to purchase 80 per cent of the Puerto Rican government's holding in the island's long-distance carrier for $141.6m, writes Canute James from Kingston.

The contract was agreed between Telefonica Internacional de España, a subsidiary of Telefonica de España, and Telefonica Larga Distancia, owned by the Puerto Rican administration.

The Spanish company says it will invest another $50m in the Puerto Rican venture to upgrade its facilities.

The US Federal Communications Commission will have to approve the sale, as Telefonica de España's purchase breaches regulations prohibiting foreign companies from owning more than 40 per cent of any US telephone company.

Puerto Rico is a Caribbean possession of the US and is subject to federal regulations on non-US ownership.

The purchase represents Telefonica de España's second venture in the Puerto Rican telecommunications industry. The company already owns 40 per cent of Telefonica Hispanoamerica, which manufactures telephones and other equipment on the island. Telefonica de España, also has investments in Argentina, Chile and Venezuela.

Bids sought for Athens motorway

The Greek government is seeking international bids for a Dr200bn ($1.1bn) motorway project in Athens, to be constructed on a build-operate-transfer basis, writes Kerin Hope in Athens.

The two sections of motorway, totalling 58.2km in length, will cut through northern and eastern districts of the city. They are part of a larger ring road project aimed at reducing traffic congestion and atmospheric pollution in central Athens.

The northern section of the "Attica Highway" will also include part of a new suburban railway line to serve dormitory towns near the capital. The Public Works Ministry says the Greek state will contribute Dr70bn to pay for land expropriations, mainly from taxes on petrol sales in the capital.

The contractor will cover the remaining Dr130bn cost, in return for the right to charge tolls on the motorway for up to 30 years. A contractor will be selected early next year.

Bonn rejects pleas from Moscow for more compensation

By Quentin Peel in Bonn

GERMANY appears set for a nasty spat with the new Russian regime over compensation costs for its departing troops.

Hard on the heels of a hefty bid for increased German contributions for ex-Soviet soldiers' housing, the once-Soviet commander in former East Germany yesterday put a figure on his demand for a massive pay-off for the decaying barracks, crumbling camps, and polluted exercise grounds his troops will leave behind.

Col-Gen Matvei Burlakov told Stern magazine he was looking for no less than DM10.5bn ($6.6bn) for military buildings and housing. He was prepared to accept a cut of DM2.5bn for "ecological damage" which had not been repaired by his final departure at the end of 1994.

That demand comes on top of the call by Gen Pavel Grachev, the Russian defence minister, for Germany's DM14bn for soldiers' housing back in the former Soviet republics to be increased by another DM7bn for Russia alone – because that is where most of the troops are heading.

Gen Grachev's request was flatly dismissed yesterday by his German counterpart, Mr Gerhard Stoltenberg.

Gen Burlakov's demand was also dismissed yesterday by the German Finance Ministry as pure fantasy. Officials quoted a variety of prices which showed how far from reality the claims are.

For four barracks in Schlotheim, near Gotha, the general was demanding no less than DM70m. The highest commercial bid for the property was DM180,000. As for a housing complex at Beeskow, outside Frankfurt on the Oder, the Russians were asking for DM5.7bn, whereas the local council was only offering DM60,000.

The Soviet military installations are in a decrepit physical state, and vast scrap metal dumps, waste oil lakes, and devastation of military exercise grounds appears to far outweigh any notional value they may have.

A joint working group has been attempting to reach an agreement, which German officials suggest might simply amount to both claims cancelling each other out.

Euro Disney tries to end dispute with contractors

By Alice Rawsthorn in Paris

EURO DISNEY is trying to defuse an acrimonious row with its contractors by agreeing terms for a settlement with a group of companies which worked on the construction of its theme park outside Paris.

Euro Disney, which plans to open Euro Disneyland at Marne La Vallée on April 12, has been beset by a storm of complaints from disgruntled building companies claiming it has been too slow in paying their bills.

Yesterday Euro Disney announced it had reached an agreement with a group of 40 companies, all of which had worked on the park as sub-contractors of Gabo/Eremco, a company contracted directly by Euro Disney.

The 40 sub-contractors should have been paid by Gabo from the FFr110m ($20.3m) it received from Euro Disney. However Euro Disney said it had been forced to dismiss Gabo for "mismanaging" the project and that Gabo subsequently filed for bankruptcy. As a result the sub-contractors were not paid.

This has left some in a fragile state. Euro Disney has agreed to make a special payment to them so they can pay essential bills to avoid having to file for bankruptcy.

N-waste problems mount for Ukraine

By Chrystia Freeland in Kiev

THE previously well-integrated nuclear network of the former Soviet Union has been thrown into disarray by disagreements between the recently formed republics. The most immediate and dangerous result is the difficulty Ukraine now faces disposing of its nuclear waste.

Yesterday, directors of Ukrainian nuclear power stations were in the Russian region of Krasnoyarsk to salvage a deal allowing them to continue shipping nuclear waste to the sparsely-populated region.

Traditionally, the 10 VVR1000 nuclear reactors in Ukraine have stored their waste in Krasnoyarsk. But this year, according to Ukraine's industry minister, Mr Viktor Hladush, the region attached food supplies to the issue.

In exchange for guarantees that Ukraine will supply butter and sugar at 1991 levels, Mr Hladush believes Krasnoyarsk will take the waste. Ukraine has undertaken to supply the Russian republic but Krasnoyarsk leaders are insisting on a separate agreement.

Mr Hladush warned that as the Soviet economy disintegrated each link in the Soviet nuclear power chain was fragile. "From Zhovti Vody [in south-eastern Ukraine] to Krasnoyarsk, every region could put forward a similar ultimatum," he said.

He added that Ukraine had also to find new purchasers for uranium and heavy water because cuts in the Soviet nuclear arsenal had reduced domestic requirements. The problem, he said, was that "we cannot sell to those countries who want to buy".

● The Ukrainian Defence Ministry has highlighted a new source of tension with Russia over the division of conventional forces. An official said Russia was demanding two-thirds of all land-based hardware belonging to what was once the Soviet army and three-quarters of all aircraft.

Ukraine insists on keeping all military hardware, apart from nuclear missiles, stationed on its territory.

Some of the best hardware is stationed in Ukraine. It would also be difficult to transfer the conventional forces from Ukraine without the republic's consent because nearly half of all Soviet soldiers stationed there have sworn an oath of allegiance to Ukraine.

A Ukrainian defence official said agreement with Russia was close on strategic forces, which had been viewed as the more contentious issue.

US Salvation Army members help staff at a Moscow canteen for the elderly prepare food aid donated by western countries

Russia tangled in politics of aid

John Lloyd on the divisive symbolism of foreign bread and butter

A CARTOON on a banner displayed at the communist demonstration in Moscow on Sunday showed a horse labelled "The New Powers" munching at a pile of "humanitarian aid". Hungry citizens at the rear end of the horse received its droppings.

For the growing numbers on the right and left who oppose the Russian government, aid is represented as a prop for those in power which gives the people nothing.

The environment in which it is delivered encourages such a response. The current airlift of aid is given massive TV coverage – and Russians see it brought in by westerners who look rich, well fed and well dressed.

The need to guard the supplies has led the European Community, the main aid provider, to bring over a group of servicemen, including no less than two generals – one German, one French. General Fritz von Steinseifer is deputy administrator of the task force overseeing the distribution of the EC aid – and as a German who fought on the Russian front as a young soldier he invites comment.

He and his fellows stay at the Lufthansa-owned Olympic Penta, one of Moscow's few luxury hotels, which costs about $200 a night for a room – another cause for envy and derision since, on the current Rbs110-to-the-dollar exchange rate, that is more than most Russians earn in a year.

In fact, the testimony of those distributing aid is that almost nothing has been lost to thieves – less because of Gen von Steinseifer, more because of Russian soldiers who guard the train convoys bringing the meat to the cities from St Petersburg or Kleipeda in Latvia. The focus of the media, western and Russian, on the criminality surrounding the operation is mistaken, say the organisers.

Two senior officials concerned with the distribution of EC aid to Moscow and St Petersburg under a Ecu200m ($258m) programme, speaking on terms of anonymity, pointed to the downside.

First, it undercuts the local supply system.

The EC produce is set deliberately below the higher market prices to try to drag them down. Unfortunately, they say, it is not so much having this effect as deterring producers of food from selling to the Moscow and St Petersburg shops – pushing them to conclude long-term contracts with other republics, or organisations elsewhere in Russia.

The producers are not, they say, profiteering: but their own costs, sharply up, rule out competition with the EC food. Once the EC aid runs out, in about two months, and the effects of the airlift are over in two to three weeks, the two largest Russian cities will have to go back to suppliers who may be unable or unwilling to sell to them.

Mr Hansjorg Kretschmer, the deputy head of the EC mission to Moscow, said yesterday that there were "indications, not yet proof" that the relatively low prices were deterring Moscow producers from selling – while there had as yet been few signs of a reduction in price. The EC now prices its butter at Rbs56 a kg, boned meat at Rbs50 a kg, boneless at Rbs75. The free prices of butter reach Rbs100 a kg or more, while meat of any quality sells at Rbs120 a kg, or more.

Second, the aid may not be what is needed. In their studies of the food chain, the officials have concluded that quantities are adequate: the real problem is equipment at every stage. Many warehouses are inefficient or have no freezing facilities, transport is ageing, roads are deteriorating. In the food plants, production lines are subject to constant breakdown and the shops are often primitive.

This is strongly supported by the experience of consultants from Arthur Anderson, now concluding a study of bread supply in Moscow. The team, led in Moscow by Mr Stephen Zatland, has concluded that the supply of grain and flour is sufficient (though increasingly the grain in the silos comes from abroad, bought by western credits): the real problem lies in the bread factories.

Says Mr Zatland: "The engineers in these factories are the heroes. It's incredible how they keep machines going which sometimes date from the 1920s. But if one of them broke down [there are 24 bread plants in Moscow, with an average of about 120 tonnes a day output], it would be hard to make up its supply to the shops it serves because everything is stretched so thin."

But the key recommendation in the Arthur Anderson report – besides the need to phase a move to market relations in the sector – is: put the bread in bags. Mr Zatland says: "This one thing would greatly improve the situation. At present, a loaf's life is 16 hours. A plastic bag could prolong it to three days. It would mean the shops had constant supplies, the bread fresher, the queues shorter, the waste much less."

In this instance, investment in packaging (a tiny sector in the CIS states) would save millions and ensure adequate supply of the staple food. Said one of the aid officials: "If I had one tenth of the money being spent on aid, I would know exactly how to spend it to make sure aid wasn't needed."

Four die in Yugoslav ceasefire violation

THREE Serb irregulars and one Croat guardsman were killed yesterday in the most serious single violation of the five-week-old ceasefire in Yugoslavia, writes Laura Silber in Belgrade.

Belgrade radio said the three Serbs were killed and two were wounded around Vukovar and Vinkovci, eastern Croatia, when Croat forces fired on Serb-controlled positions. According to Croatian radio, the Croat soldier died and two were injured in an artillery attack launched by Serb fighters in the same region of eastern Croatia. Croat leaders have vowed to reclaim the eastern Croatian region of Slavonia, Baranja and Western Srem currently controlled by the Serb-dominated federal army.

A western diplomat yesterday said: "It is not yet clear if the most recent violations are just isolated incidents in eastern Croatia where the truce is most fragile. The danger of renewed clashes increases the longer it takes to deploy the [United Nations] peacekeepers. This delay, coupled with the apparent Croatian build-up and its more aggressive stance, could seriously jeopardise the ceasefire."

Meanwhile, Tanjug, the Belgrade-based news agency, said an extra 25 unarmed UN liaison officers had arrived yesterday, bringing to 76 the number bolstering communications in crisis zones.

UN officials last week said the ceasefire was stable enough to despatch a force of 10,000 peacekeepers. But consistent opposition from Mr Milan Babic, president of Krajina, a Serb enclave in Croatia, has delayed the deployment of UN forces. Mr Franjo Tudjman, Croatia's president, has also raised objections over police control of Krajina and other Serb-held territories in Croatia.

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TRADE AND THE ENVIRONMENT

Gatt issues warning against environmental imperialism

BEWARE protectionists who disguise themselves in environmentalists' clothing: beware the temptation to assume the role of global environmental vigilante: and don't forget that a set of effective environmental protection laws will always be better than – and will normally preempt the need for – trade weapons in defence of the environment.

These siren calls provide a haunting chorus throughout the 35-page report on trade and the environment published today by the Geneva-based secretariat to the General Agreement on Tariffs and Trade (Gatt).

The long-awaited report, delayed by hectic but so far fruitless efforts to complete the

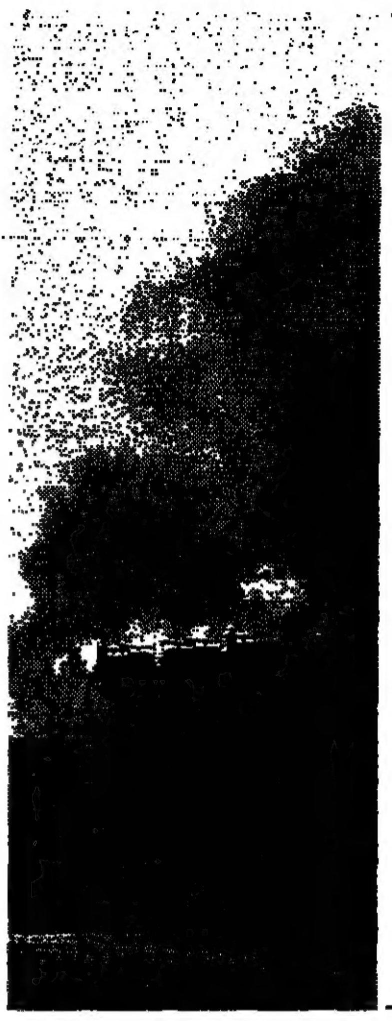
By David Dodwell, World Trade Editor

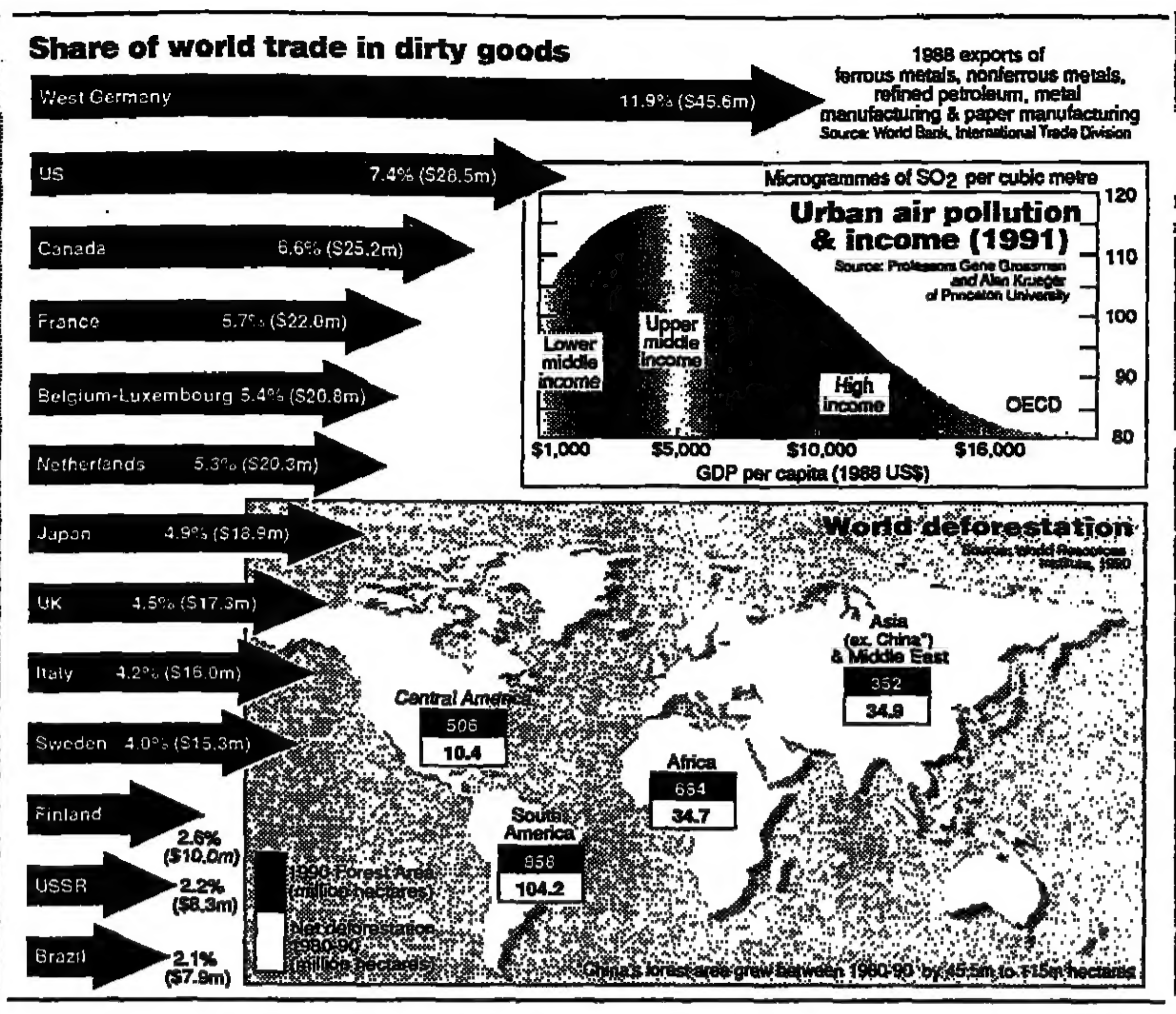
Uruguay Round of talks on world trade liberalisation, is intended to trigger debate in this controversial area in the run-up to June's "earth summit" in Brazil.

Mr Arthur Dunkel, Gatt director-general, said yesterday these were "not Gatt's first words on the subject, nor the last". They are nevertheless expected to shape a debate in which advocates of free trade try to persuade increasingly militant environmental groups that free trade is not synonymous with providing a licence to pollute the globe.

Among the points made most forcefully by the report are:

- The European Community's fiercely protectionist Common Agricultural Policy (CAP) is inflicting serious environmental damage on the globe.
- Countries with large forest areas are currently providing "carbon absorption services" free of charge. Instead of imposing trade sanctions on them for exporting logs, they should be properly paid for these carbon absorption services.
- Countries are not clones of each other. They have a sovereign right to declare different environmental priorities and policies.
- Gatt's rules and dispute settlement procedures will not frustrate any country's efforts to improve domestic environmental standards. While they might frustrate unilateral "vigilante" action by one country against another, they provide a working framework for winning multilateral agreement.
- There is a close link between wealth and improved environmental protection. Trade barriers that frustrate developing countries' ability to improve living standards will at the same time frustrate efforts to raise standards of environmental protection.
- Tariff walls are no more justified to protect the competitiveness of companies that have incurred the cost of meeting strict environmental standards than they are to protect companies that pay more corporation tax, or spend more on research and development. On the contrary, such companies are likely to become market leaders as a result of such investment.





The report's fiercest language is reserved for protectionists in general and US and European farm policymakers in particular: "Existing agricultural protection not only fails to help the environment, but almost certainly is an important source of environmental degradation," the report says.

US land set-aside programmes have prompted farmers to aim for higher yields on remaining land, "which almost certainly has involved increased per-acre use of chemicals". High support prices in land-scarce countries, backed up by tariff walls, have a similar effect, the report argues. It notes that countries like Argentina, Australia and Thailand use less than 10 per cent of the chemical fertiliser per hectare used by Europe's farmers.

The report accuses "particular producer groups" of having succeeded in the past "in manipulating domestic environmental policies to benefit themselves at the expense of both the rest of the economy and ultimately even the environment". It warns environmental groups to be wary of efforts by protectionist lobbies to draw them into "implicit or explicit alliances".

The report queries whether trade measures are ever likely to be the most effective means of achieving environmental improvements. In a clear call for the Rio summit in June to gain more multilateral consensus on policies intended to protect the environment, the report notes: "If all countries participated in all international environmental agreements, there would be nothing more to add."

There are repeated warnings against unilateral action by governments to export domestic environmental policies – a clear measure of the Gatt's anxiety over a tendency, particularly in the US, to resort to trade weapons to force good environmental practice on other countries.

In a reference to a recent controversial ruling against a US decision to ban imports of Mexican yellowfin tuna because fishing methods led to the killing of dolphin that swim above tuna shoals, the report recalled: "A country may not restrict imports of a product solely because it originates in a country whose environmental policies are different."

If allowed, this would create a loophole allowing any country "unilaterally to apply trade restrictions not for the purpose of enforcing its own laws within its own jurisdiction, but to impose the standards set out in its laws on other countries". Such environmental imperialism would be a fast track to trade chaos and conflict, it argues.

It is in its defence of a country's sovereign right to set its own environmental priorities that the Gatt wades into deepest controversy: "Countries are not clones of each other," it argues. This lays open the danger that a country might condone poor environmental standards, encourage the migration of polluting industries – a problem that should be tackled by open debate in multinational forums, not by vigilante action by self-appointed guardians of self-defined environmental imperatives.

The Gatt accepts that when pollution does not remain inside a country's borders, or affects the "global commons" like the ozone layer or deforestation, then "inter-governmental co-operation is likely to be essential". It nevertheless insists that unilateral action must be resisted, and that the cost of action should be skewed both towards those who pollute, and those who have the ability to pay.

The report is anyway sceptical about the effectiveness of present trade weapons aimed at tackling problems like deforestation and the uncontrolled slaughter of elephants to fuel the trade in ivory.

A close examination of efforts to restrict the trade in tropical timber argues that a ban would do nothing to reduce deforestation: instead it proposes that the advanced industrial countries, whose carbon dioxide emissions account for most global warming, should compensate forested countries for their "carbon absorption services". Non-payment for these services means a country like Brazil "has little or no incentive to take such services into account in deciding on the optimal management of its forest resource".

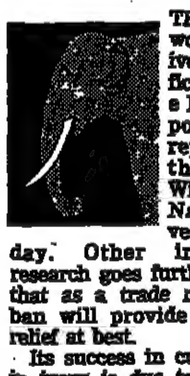
While the Gatt is not so brash as to claim that free trade provides a panacea for solving environmental problems, it contests the view that liberal trade is a villainous contributor to degradation: "Conceivably, an expansion of trade could produce negative environmental effects so large that they outweigh the conventional benefits from open markets (increased specialisation, more competition and so forth).

"However, this is possible only if a country lacks a domestic environmental policy that reflects its environmental values and priorities," the report argues. Also, failure to place a proper value on environmental resources would undermine sustainable development even in a completely closed economy, it says. Trade could be no more than a "magnifier".

Much more likely, expanded trade will lead to greater wealth and a diffusion of technology – both of which enhance a society's ability to protect and upgrade its environment. The principal challenge, it concludes, is to exploit those ways in which open international trade "can contribute, in conjunction with appropriate national environmental policies, to the improvement and protection of the environment".

Ivory sale ban fails to halt poaching

By David Dodwell



THE BAN on world trade in ivory is insufficient to stop elephant poaching, a report from the World Wide Fund for Nature revealed yesterday. Other independent research goes further, arguing that as a trade measure the ban will provide short-term relief at best.

Its success in curbing trade in ivory is due to the raised awareness created by publicity around the ban, and should not lull those concerned over the plight of elephant populations into concluding that the ban itself is likely to be effective.

The need for dramatic action was accepted by all parties when in October 1989 signatories to the Convention on International Trade of Endangered Species (Cites) voted for an indefinite ban on trade in elephant products. In the decade to 1988, Africa's elephant population had fallen from 1.2m to 600,000. Annual exports of unworked ivory had risen from 200-400 tonnes a year in the 1950s to an average close to 1,000 tonnes in the 1980s, earning between $35m-$45m (£19.4m-£25m) for ivory exporters.

Yesterday's World Wide Fund for Nature report remains committed to the need for a total ban – but says better park protection and further financial assistance are needed "in order for the ban to be effective in most parts of Africa".

"While the ban may have played a role in reducing illegal hunting, other factors such as additional law enforcement and financial assistance may have more directly contributed to a reduction in poaching," the report argues.

There is consensus that the trade ban has led to a collapse in demand for worked ivory, particularly in the US and Europe.

But Dr Richard Luxmoore at the Wildlife Conservation Monitoring Centre in Cambridge argues this fall is perhaps due more to enhanced awareness about, and concern over, the threat to elephant populations than it is to the ban.

He points to a similar collapse in demand for fur products in the US and Europe, which has been achieved without any comprehensive ban.

Pessimism grows for 'earth summit'

By Christina Lamb in Rio de Janeiro

AS ONE of the world's most protected economies and keeper of the planet's largest rainforest Brazil will be an interesting setting for the discussion on the value of free trade for the environment.

The UN Conference for Environment and Development, better known as the "earth summit", would not justify its grandiose title without such a topic on the agenda and Rio de Janeiro in June will be the location for what is expected to be a heated discussion with little substantive results.

Multilateral organisations such as Gatt and the World Bank are currently falling over themselves to produce reports on the issue which cuts across the whole spectrum of areas to be discussed at the summit and divides the developed and developing worlds.

Mr Tony Gros, co-ordinator of the Global Forum, the parallel conference of non-governmental organisations, says: "The whole question of Gatt and neo-liberal trade policies will be the cornerstone of the debate both at the official and parallel events."

At the last preparatory meeting in Geneva for the summit the Group of 77 made clear that it was not prepared to discuss treaties on bio-diversity and forests unless a commitment to improved terms of trade and transfer of technology is included. This week the Amazonian pact countries have been meeting in Brazil with a clear message – there can be no agreement on conservation without taking into account economic realities. One delegate said bluntly: "The first world can't stop us cutting down our forest unless it improves our economic possibilities and that means ending protectionism in Europe."

Gatt believes that a multilateral agreement must be reached at the summit to prevent a kind of green anarchy breaking out, with economic powers such as the US or Germany setting their own environmental standards and discriminating in trade terms against those who do not comply. But there is strong resistance to the idea of agreed international standards or monitoring.

Developing countries shudder at the idea of international monitoring interfering with their sovereignty. Mr Marcio Fortes, the Brazilian co-ordinator of the Business Council for Sustainable Development, says: "It is not up to Gatt to set standards and say this product is environmentally good and that bad – what we need is an all-encompassing commitment to sustainable development with public interest the priority before free trade. If Gatt cannot succeed in ending agricultural subsidies in Europe then how can it talk of whole world agreements."

The real talking on this issue takes place before the conference at the last preparatory meeting in New York next month. One G7 diplomat involved in the negotiations says: "They will come up with something for heads of state to sign in June, but the underlying difficulties are so great and time so short that chances of a meaningful agreement are diminishing daily."

Malaysia ridicules enemies of timber trade

By Victor Mallet in Bangkok

DR Mahathir Mohammed, the Malaysian prime minister, devotes a good deal of his time these days to ridiculing western environmentalists and criticising their attempts to restrict trade in tropical timber.

At last month's summit of the Association of South-East Asian Nations in Singapore, he pointed out that the rich industrialised countries, having deforested their own land, were now causing most of the world's pollution while begging developing countries not to cut down trees.

He disputed the idea that tropical forests were a common heritage of the world and – perhaps letting his imagination get carried away – claimed that wealthy, technologically advanced nations could plant even deserts with tropical hardwoods and so triple the area of tropical timberland within a century.

More forests can be saved by preventing forest fires or putting them out quickly, Dr Mahathir added, than by boycotting the export of tropical timber or advocating that forest dwellers remain in the forest, eating monkeys and suffering from all kinds of tropical diseases.

Malaysia has good reason to be defensive about the timber trade. It accounts for nearly half the world's recorded exports of tropical timber, compared to 26.7 per cent for Indonesia and a mere 2.4 per cent for Brazil.

That Brazil – the most notorious environmental villain to ordinary, green-thinking people – should account for so small share of the trade is perhaps the best illustration of the lack of correlation between deforestation and timber exports.

The Gatt report on the environment takes up this theme with enthusiasm, saying that a ban on trade in logs and processed tropical timber would have a miniscule effect because such exports amount to less than 1 per cent of the trees felled in developing countries. Those calling for restrictions on tropical timber exports have an especially unconvincing case for trade restraints on environmental grounds, the report says.

Environmentalists would be the first to agree that general deforestation is usually the result of farming or tree-cutting for fuel (as wood or charcoal) rather than logging.

Nor would they dispute the Gatt report's assertions that deforestation could be slowed by compensating lower-income countries for preserving large forests and by promoting employment and income growth for the rural poor.

But they note that loggers build roads which allow others to encroach on virgin forest (even if it is true that the – all too rare – responsible logging enterprises protect their concessions from illegal loggers for their own financial benefit).

The environmentalists also say that the arguments deployed by the likes of the Malaysian government and the Gatt report tend to lump trees together as if they were all of the same species.

The problem is not just one of deforestation, they say, but the indiscriminate harvesting of rare hardwoods which need decades to regenerate themselves.

With a logging ban announced, if not enforced, in Thailand, Thai entrepreneurs have taken to plundering the teak and other hardwood trees of Burma, Laos and Cambodia, a trade which also allows them to disguise illegally felled Thai trees as imports from neighbouring countries.

I don't know how you can control that if you don't put controls on trade, says one environmentalist in Bangkok.

US greens lose faith in promises

By Nancy Dunne in Washington

US environmentalists see Gatt as dominated by business, and Gatt pronouncements as the inevitable output of an organisation which has no mechanism to balance the competing interests of business and environment.

Mr John Audley of the Sierra Club sees little possibility of developing an international consensus on effective rules to limit environmental damage. "Environmental rules rarely have broad support. Rules have costs," he said. The scientific evidence demonstrating the need for them is often controversial. The tendency is for those who have to pay the costs to put downward pressure on the standards. International environmental compacts are rarely effective because they lack enforcement mechanisms, he said. Gatt is saying, "environmental leaders can no longer lead because they have to wait for the rest of the world to follow".

Ms Lori Wallach of Public Citizen scoffs at the assumption that a country which industrialises will put new revenues into an environmental clean-up.

"Unless there is some mechanism to direct revenue into environmental activity, the evidence is it absolutely won't happen," Ms Wallach said, citing as an example the Maquedora region – the environmental scandal of the US-Mexico border. Mexico and the US have just begun funding environmental programmes there because the governments want passage of a North American Free Trade Agreement.

Mr Rick Hind of Greenpeace views the Gatt trade and environment report as consistent with the "generally undemocratic approach" of an organisation "subservient to multilateral corporations" and says that it is dangerous to estimate environmental costs in purely economic terms.

"The native Americans, who are not signatories to the Gatt, have it right when they say we must consider the effect of everything we do seven generations hence," Mr Hind said.

Incentives needed for clean growth

By Frances Williams in Geneva

THE Gatt report argues that in general positive incentives to comply with international environmental agreements will be more effective than trade sanctions.

Such incentives are a key feature of proposals to introduce a system of tradeable pollution permits to combat global warming, now being studied by the Geneva-based United Nations Conference on Trade and Development (Unctad).

This system, proponents claim, could control global emissions of carbon dioxide, the main greenhouse gas, while allowing developing countries to continue industrialisation – a process that involves more use of fossil fuels and so CO_2 emissions.

At the same time, Third World nations would have an incentive to grow more "cleanly".

Under the plan, outlined in a report to be published by Unctad this spring, each country would be allocated a quota of tradeable carbon emission entitlements (TCEEs).

Worldwide, these would add to whatever CO_2 emission targets were set by international agreement, for instance, in any protocol to the framework convention on climate change due for signing at the UN earth summit next June.

However, developing countries would be allocated more permits than they needed, while industrialised countries would get fewer.

Surplus permits would be tradeable on an international exchange, so providing poor nations with finance to speed development. It would nevertheless pay developing countries to invest the money in clean technologies, so as to minimise the number of permits needed to "cover" CO_2 emissions.

Rich countries would also benefit from the scheme by comparison with alternatives, Unctad argues.

It would bring on board an international agreement big potential polluters like China and India, with huge fossil fuel reserves.

Both have said they cannot accept constraints on growth imposed by a global warming accord without massive transfers of aid and technology. The scheme would also minimise the economic costs of limiting carbon dioxide emissions in the industrialised world, by ensuring that reductions are made first where the cost of doing so is least.

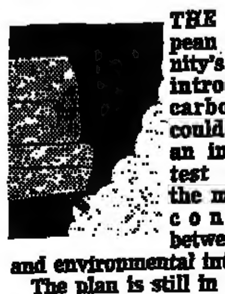
This is because countries have an incentive to cut CO_2 emissions wherever it costs less to do so than buying a permit in the market.

The report adds that an international system of tradeable permits is compatible with any domestic mechanism for tackling carbon dioxide emissions.

In addition to the conventional regulatory approach, the United States is experimenting with pollution permits under the 1990 Clean Air Act, while the European Community has plans for a carbon tax.

EC plan for carbon tax may become test case

By David Lascelles, Resources Editor



THE European Community's plan to introduce a carbon tax could become an important test case in the mounting conflict between trade and environmental interests.

The plan is still in its early stages, but Mr Carlo Ripa di Meana, the EC's environment commissioner, has made clear that he wants to have a firm proposal to display at the Rio earth summit in June. He expects that event to provide a forum for thorough debate of the issues. The tax is by far the most ambitious environment measure ever contemplated. It will affect 350m people and drive up the cost of the most basic industrial commodity, energy. Its fate is therefore a focus of intense environmental interest.

The tax would be imposed on all carbon fuels – oil, gas and coal – and on other fuels in proportion to their energy content. The aim is to cut harmful emissions and help combat global warming, in addition to encouraging energy saving. The tax would be introduced at the rate of $3 a barrel of oil, and increased by $1 a year until it reached $10. Mr Ripa di Meana hopes to start it next year, but that schedule may prove too tight politically.

The tax would affect trade in two ways. First, it would unilaterally raise the cost of EC exports and thereby blunt the Community's competitiveness in world markets. For this reason it is strongly opposed by a wide swathe of EC industry.

Second, as non-EC countries see it, it would create a kind of invisible trade barrier by adding to the entry cost for outside businesses seeking to set up production plants within the EC. This barrier would be especially high for companies from the third world who had not adjusted their technologies to the rigours of a highly taxed market. Because of all these conflicting pressures, prospects for the tax are far from clear. In its favour, a wide range of EC ministers – finance, economic, environmental and energy – have supported it in principle. They could hardly do otherwise because of the tax's self-evidently worthy aims.

Mr Ripa di Meana's dilemma is that he is keen to win approval for a measure that will show that the EC is serious about safeguarding the environment. But he also knows that, by itself, the EC's carbon tax would make little difference. At the moment, the EC accounts for only 13 per cent of world carbon dioxide emissions, and many large sectors of EC industry like steel and cement would be exempt.

It will only have meaning if the EC's example prompts other countries to follow suit. That means mainly the US and Japan, but the chances of either of these two enacting a similar tax are very remote. The US has a deep antipathy to energy taxes, and Japan argues that its pollution regulations are already tough enough and it does not need any taxes on top of them.

Similarly the third world does not appear ready to enact energy taxes; many countries take the view that this is the responsibility of the gas-guzzling industrial countries.

Harkin has 78% of Iowa Democrat caucus vote

By George Graham in Washington

SENATOR Tom Harkin won 78 per cent of the votes in Monday night's Democratic party caucuses in his home state of Iowa, comfortably exceeding his target of bettering the 59 per cent score of President Jimmy Carter in 1980.

However, his faltering presidential campaign seemed unlikely to gain much impetus from this local triumph.

None of the other Democratic candidates had campaigned on Senator Harkin's home turf, and with fewer than 30,000 people attending the caucuses – barely 4 per cent of registered Democrats – the vote could scarcely be hailed as a plebiscite.

Iowa's caucuses, the first to be held in each presidential campaign, have since 1972 strongly influenced the eventual nominations of both parties, especially the Democrats. This has probably contributed to a stream of Democratic candidates who were more doveish and pro-farm than the nation at large.

In 1988, however, both parties' Iowa winners subsequently dropped out of the race, while Senator Albert Gore of Tennessee demonstrated that a candidate could ignore Iowa and still build a strong campaign on the cluster of primaries held on Super Tuesday – which this year will take place on March 10.

Harkin's campaign for the presidency seems unlikely to gain a lot from this local triumph. But he believes it will give him a higher profile for the first primary in New Hampshire

Yet Mr Harkin, whose prairie populist campaign has failed to capitalise on a promising start at raising campaign funds and winning support from trade unionists and other traditional Democratic power brokers, yesterday put a good face on his Iowa victory.

He said the vote would give him the extra momentum needed to win over the many New Hampshire voters who are still undecided about next week's primary.

Recent opinion polls place Mr Harkin fourth in New Hampshire behind former Senator Paul Tsongas of Massachusetts, Governor Bill Clinton of Arkansas and Senator Bob Kerrey of Nebraska.

Between 10 and 20 per cent of voters are still undecided.

Mr Harkin, who describes himself as the only old-fashioned Democrat in the race, has compared his position to that of Senator Gary Hart in 1984.

Like many other beneficiaries of what is known as the the Iowa "bounce", Senator Hart did not actually win, but fared so much better than expected that his campaign caught fire, helping him to sweep the New Hampshire primary a week later.

The Iowa victory will still give Senator Harkin more delegates than any other candidate, even if he fails in New Hampshire.

Mr Harkin claims good support in Maine and South Dakota, the next two states to vote, but political commentators believe he will do poorly in the mainly southern Super Tuesday states.

Democratic rivals begin to fear Tsongas

Lionel Barber sees the Massachusetts long shot on the New Hampshire campaign trail

THE PALACE Theatre was packed with students, anti-nuclear activists, a woman in a Spitting Image mask of Margaret Thatcher, and a cross-section of the earnest, well-informed voters of New Hampshire. The candidate, a slightly built man who turns 51 this week, shuffled on stage to a huge burst of applause.

Former Senator Paul Tsongas of Massachusetts is enjoying his 15 minutes of fame in the Democratic presidential campaign. With less than a week remaining until next Tuesday's New Hampshire primary, Mr Tsongas, the long shot, has drawn level with Governor Bill Clinton of Arkansas, the early favourite dogged by accusations of adultery and draft-dodging during the Vietnam war.

"When I entered the race 10 months ago, George Bush stood at 91 per cent in the polls. Today he is in the mid-40s. I have done one hell of a job for this country," says Mr Tsongas, the candidate whom Richard Nixon describes as "too responsible" to become the Democratic nominee.

The rise of Mr Tsongas, the self-styled pro-business liberal, is one of the more improbable stories of the 1992 election campaign. A Greek American from Massachusetts, he is a cancer survivor who cannot raise money, a candidate who three months ago stood at barely 2 per cent in the national opinion polls, the man who has turned dourness into a political virtue.

"For most political analysts, I don't compute," he says, showing the self-deprecating humour which has become his trademark. "But I know what it will take to turn this economy round. I am not afraid to tell the truth."

More than 450 people gathered at the Palace Theatre on Monday night to listen to Mr Tsongas. He cast himself as the man who can make America competitive in the international market, restore manufacturing and create new jobs. In New Hampshire, which has suffered more than most states during the recession, this is the message which sells.

The gospel according to Paul is one of economic austerity. He dismisses the middle-class tax cut favoured by other Democratic candidates as a gimmick; he wants to reduce the $400bn (£220.9bn) federal budget deficit (although he is

Tsongas: vision of austerity

vague on how he would cut spending); he supports a capital gains tax cut and relaxing anti-trust laws to make US corporations more competitive with Japanese and German counterparts. He is unashamedly in favour of free trade.

Asked to condemn the Bush administration's proposed North American free-trade pact with Mexico on the grounds that American jobs "will go south", Mr Tsongas says: "I don't wish to compete with Mexico, Thailand and Indonesia. I want to compete with Japan and Germany. I want high wages and high value-added products."

President Tsongas – which almost sounds as remote a prospect as President Dukakis, his fellow Greek American from Massachusetts defeated by George Bush in 1988 – would spend most of his time running USA Inc. "My job is to figure out what works, how do you compete?" he says.

It is a narrow vision of the presidency which reduces the world to one long economic struggle; it offers little clue as to how he would handle, say, the role of commander-in-chief. Recognising this, Mr Tsongas tried on Monday night to spell out a more expansive vision.

In a moving speech about his battle with cancer, during which he suffered radiation equivalent to being within a mile of Hiroshima, Mr Tsongas spoke of the strength of purpose and obligation which it has brought to his life. It was an effective performance.

Still, large questions loom over the Tsongas candidacy. By his own admission, he is desperately short of cash. He may not be able to withstand the rigours of a long campaign, although a recent television advert shows him swimming vigorously to underline his physical recovery. More important, his appeal outside his home base in the north-east looks limited.

These weaknesses suggest it is too early to write off Mr Clinton, who raised more than $500,000 at a New York dinner on Monday night, despite lingering suspicions that he has been badly wounded by the "character issue".

His supporters insist that Mr Clinton does not need to win New Hampshire to remain a viable candidate, but they have yet to find a way to inoculate him against further allegations of marital infidelity. And other Democratic candidates have begun to smell blood.

Senator Bob Kerrey of Nebraska, the Vietnam war hero whose campaign remains stalled in third place behind Mr Tsongas and Mr Clinton, said on Monday: "One of the worst attributes of politicians is when they begin to feel sorry for themselves."

The latest opinion polls suggest that one in two voters in New Hampshire remain undecided. So far Mr Tsongas has escaped attack; but now he is jockeying with Mr Clinton at the head of the Democratic pack, it is only a matter of time before he comes under the same scrutiny as Mr Clinton.

Washington delays guarantee payments on BNL loans to Iraq

By Alan Friedman in New York

THE US government is holding up the reimbursement of $350m (£191m) in export credit guarantees on loans made to Iraq by the Atlanta, Georgia, branch of Italy's Banca Nazionale del Lavoro (BNL).

The delay, according to a senior US official, is related to the forthcoming trial of several BNL Atlanta officials who have been charged with fraud in connection with more than $4bn of improper Iraqi loans.

The trial, which will include Mr Christopher Drogoul, the former BNL Atlanta branch manager, is likely to be delayed from March 2 until June, in order to give defendants more time to prepare.

BNL's Atlanta branch provided crucial funds to Iraq, including about $2bn that helped to finance Mr Saddam Hussein's nuclear missile and chemical weapons projects.

The $350m of BNL loan guarantees – which were supposedly made to support US farm exports to Iraq – are part of some $1.9bn of US-backed loans that Iraq has defaulted on.

A spokesman at the Commodity Credit Corporation (CCC), which guaranteed the Iraqi loans, said the matter "is being evaluated at the highest levels of our department."

IMF will back $250m credit, says Manila

THE International Monetary Fund will approve resumption of the remaining $250m (£138m) of a standby facility in support of the Philippines' economic stabilisation programme, it was claimed in Manila yesterday, Jose Galang writes from Manila.

President Corazon Aquino said the IMF management was circulating a staff report on her government's request for the financial support among its executive board. Mr Jose Cuisia, central bank governor, said approval by the IMF executive board in early March would be a formality.

IMF approval should trigger separate talks with Manila's commercial bank creditors on restructuring $5.3bn debt, and with the Paris Club of donor countries and multilateral financing institutions in March.

Hostages held in Algerian mosque

Killers of two Algerian policemen were holding hostages in a mosque in the town of Bordj Menaiel and were surrounded by security forces, Algiers radio said yesterday, Reuter reports from Algiers.

The policemen were stabbed to death on Monday by the companions of a man they had arrested.

Security forces mounted a massive hunt for the killers and for gunmen who ambushed and killed six policemen earlier in the day in the Casbah, the old heart of Algiers.

Japanese gunman surrenders

A man armed with a Japanese sword and a gun forced his way into Prime Minister Kiichi Miyazawa's party office yesterday morning and reportedly demanded that the cabinet resign, AP reports from Tokyo.

After firing a shot and holing up in the empty fourth-floor office for nearly seven hours, the gunman surrendered to police, authorities said. There were no injuries.

US cuts Taiwan textile quotas

The US is cutting its quota for imports of Taiwanese textiles to prevent companies illegally shipping Chinese and Vietnamese textiles to the US market, officials said, Reuter reports from Washington.

The Taiwanese quota will be cut by 52m sq metres this year from last year's quota of 1.36bn sq metres, officials of Taiwan's Board of Foreign Trade said. In addition, Taiwan will donate 26m sq metres of its quota to Turkey, the officials

President Akbar Hashemi Rafsanjani, centre, leads millions of Iranians to the Azadi Square in Tehran yesterday to mark the 14th anniversary of the Islamic revolution

Pakistan fends off militants

By K K Sharma in New Delhi

THE Pakistan army yesterday stopped Moslem militants crossing the ceasefire line in the disputed state of Kashmir, averting a flare-up in which Indian and Pakistan defence forces could have been involved.

Members of the Jammu and Kashmir Liberation Front (JKLF) came as close as 1 km to some parts of the ceasefire line in their threatened attempt to cross it yesterday, but most were prevented from getting anywhere near.

Observers from the Indian side of the line saw small groups of JKLF volunteers pushed back at many points, and officials in New Delhi reported no one had got across.

There were reports that the JKLF would make another attempt today but Indian officials do not take these seriously. This is because Pakistan has conveyed to the Indian government that no crossing would be permitted.

Commanders of the two armies were in constant touch with each other to ensure that any attempt at crossing the line did not escalate.

Mr S.B. Chavan, Indian minister for home affairs, expressed his satisfaction at the turn of events, including Pakistan's "positive approach" in preventing the militants crossing.

Menem to assure Europe of Argentina's growth potential

By John Barham in Buenos Aires

PRESIDENT Carlos Menem of Argentina is describing his visit to Europe this week as a publicity offensive, "to explain to the Europeans why Argentina has become a country of stability and growth".

He is anxious to dispel doubts about the depth and sustainability of sweeping economic liberalisation that reduced inflation and helped the economy grow 5 per cent last year.

Monthly inflation, which had fallen to 0.6 per cent in December, rose to 3 per cent in January, threatening an economic strategy that seeks to hold inflation down to international levels.

Mr Menem's trip, during which he will not sign any significant agreements, will include his first official visit to the European Community headquarters in Brussels tomorrow. It will end in Paris next Tuesday after Mr Menem has met President François Mitterrand.

He is unlikely to make headway in Argentina's overriding trade dispute with Brussels: the Community's subsidised farm exports. Cheap Community exports have undercut Argentina's grain and beef exports.

None the less, Argentina clearly wants to develop its trade, investment and political ties with the Community. The EC is Argentina's largest trade partner, buying $3.7bn worth of Argentine goods in 1990, almost one-third of its exports.

Moreover, Mr Menem wants to convince European multinationals to invest in Argentina and take part in its privatisation programme. So far it has only attracted second-rate European state-owned companies, which now run the national airline and telephone network.

Argentina plans to sell control of all its state companies for $3.5bn by the end of this year and is determined to attract a better class of investor. Mr Menem also intends to realign foreign policy, which he tilted heavily towards Washington after taking office in 1989, reversing Argentina's traditionally pro-European policy.

Mr Menem said: "Our relations with Europe have always been excellent, while our relations with the US used to be terrible, so everyone thinks our policies privilege them and maybe the Europeans are upset about that."

Kuwait pact lifts UK sales hopes

By David White, Defence Correspondent

A UK-KUWAITI defence agreement signed yesterday should produce "valuable orders for British industry", according to Mr Tom King, British defence secretary.

He indicated that he had discussed supplies of equipment including Vickers Challenger 2 tanks and GKN Warrior armoured fighting vehicles.

Kuwait is also thought to be interested in naval vessels from the Vosper Thornycroft shipyard, which is supplying minehunters to Saudi Arabia.

Vosper is part of a British consortium with the construction companies Taylor Woodrow and Wimpey which has been selected to rebuild and upgrade Kuwait's main naval base. This contract alone is expected to be worth up to £200m.

Kuwait is awaiting delivery of 16 Tucano trainer aircraft from Short Brothers which it bought before the 1990 Gulf crisis and is thought to be interested in British Aerospace Hawk jet trainers.

However, UK hopes of orders totalling some £1bn are tempered by the certainty of strong competition. Sheikh Ali Salah al-Salem al-Salah, the Kuwait defence minister, said yesterday a similar defence pact was planned with France and other countries. One has been concluded with the US.

Indian PM reassures on reform pace

By Ian Rodger in Zurich

INDIA will persist with economic reforms and the opening of the economy to the private sector, according to Mr P V Narasimha Rao, the prime minister.

In an interview during a visit to Switzerland, Mr Rao dismissed doubts over the pace of reform and said the direction was irreversible.

He also brushed aside criticism that he had pulled back from rapid rationalisation and privatisation of the bloated public sector. "It is a limited problem. We have got over many problems of this kind, and this too will be no exception."

However, he was frustrated that Indian officials and trade unions had been alarmed by aspects of the rapid privatisation process in Pakistan.

"I do not know what privatisation means. If it means that we give full scope for private enterprise to come in, I have no difficulty on that... Instead of talking about a word, it is better to talk about substance." The substance consisted of throwing areas open to the private sector.

On security issues, the premier said India held to its rejection of a proposal for five-nation regional talks on nuclear weapons, insisting it was only sensible to talk about nuclear disarmament in a global context.

"We have an action plan from 1988. We adhere to that, and say that with necessary modifications it should be adopted. From one country to another, there may be a difference in the timeframe of bringing down arsenals, but eventually the objective should be absolutely clear that it is to be total and complete disarmament."

Donors agree $825m in aid to Sri Lanka

By Mervyn de Silva in Colombo

SRI LANKA'S donors and the World Bank have pledged $825m (£456m) in aid for 1992. "We requested $800m," said Mr D G Wijetunge, the prime minister, who is also the minister of finance, after his return from the annual Paris meeting of donors. Japan led the league of donors, followed by the World Bank and the US.

Three EC countries and Canada in particular were critical of the government's human rights record.

After the visit of a Canadian parliamentary team, Canada had argued for a cut or suspension of aid as in the case of Kenya, where aid has been deferred for six months. However, the World Bank's view that the government has made a serious attempt to address human rights issues was endorsed by the leading donors, the IMF and the Asian Development Bank.

The World Bank report stressed that an end to the decade-long war against separatist Tamil rebels was crucial for economic growth.

Sri Lankan growth, which exceeded 6 per cent in 1990 was 5 per cent last year. This compares to 2 per cent growth in the previous three years.

Recent policy reforms have yielded results, the report added. Inflation has fallen from 20 per cent in 1990 to 9 per cent. The rapid growth of non-traditional exports has offset the impact of lower tea prices. Garments and gem stones are now top exchange earners.

While commending the government on its privatisation programme and cuts in the budget of a huge civil service, the report urges reforms in the plantation sector (tea, mainly) and two large state banks. Opposition and trade union protest on both issues is mounting.

SNC move on Bangkok Skytrain project

By Robert Gibbens in Montreal

SNC, Canada's biggest engineering group, with Japanese, German and Thai partners, will finally move ahead on the $2.5bn (£1.37bn) Bangkok Skytrain transport project.

SNC will be a small equity partner in the Skytrain consortium and provide design and engineering services worth nearly $500m. Bombardier will build the hardware based on Vancouver's Skytrain.

The 40km Bangkok system, due in operation in 1997, will have 37 stations, and some preparatory work has already been done.

The cost has risen more than $500m since the original bid in 1988. Since then the Thai government has changed and Lavalin, the original Canadian consortium member, went bankrupt.

Plan for power plant goes ahead

By Sheila Jones in Kuwait City

THE KUWAITI government is going ahead with plans to build a $1.8bn power plant – its biggest building project since the Gulf war ended a year ago.

Mitsubishi of Japan, the lead contractor, is likely to supply boilers and turbines worth about $1bn. It has been in delicate talks with the Kuwaiti government over the cost of the deal, which is expected to be finalised in the next few months.

Mitsubishi originally won the contract in 1989 but the project went on hold because of the 1990 Iraqi invasion. The Kuwaiti government has since been trying to hold Mitsubishi to prices agreed under the 1989 contract.

Mr Ahmed al-Adsany, minister for electricity and water, said yesterday the government had already committed a substantial amount to the project, including a KD54m advance payment to Mitsubishi. Agreement had been reached with a group of Turkish companies to build the plant's foundations, roads and other installations.

Kuwait's power stations were severely damaged during the Iraqi occupation. The government has decided against repairing one of its five plants, which was virtually destroyed. Repairs to the other four have so far restored less than one-third of Kuwait's pre-war capacity of 7,200MW.

Amazon destruction blamed on first world

By Christina Lamb in Rio de Janeiro

THE EIGHT Amazonian Pact countries have signed a charter which demands financial and technological help from the industrial world for environmental protection and blames developed countries for environmental degradation.

Known as the Declaration of Manaus, it spells out their joint position for the Earth Summit to take place in Rio in June. Its tough language seems a further indication that the conference will turn into a showdown between the developed and developing worlds.

"The solution of environmental problems is intimately linked to a new attitude of international co-operation, which means increased financial resources, greater access to technology, augmenting trade flow and measures to resolve the foreign debt problem," the accord said. It was signed during a meeting in Manaus of presidents or representatives of Brazil, Colombia, Bolivia, Ecuador, Guyana, Surinam, Peru and Venezuela.

The document pledges the countries to preserve the Amazon, the world's largest rainforest, but insists that they will not accept first world conditions. Brazil's paper rejects any international monitoring of the Amazon and calls for a global World Bank administered environment fund.

During the opening ceremony, Brazil's President Fernando Collor de Mello lashed out at the "super-rich" nations which, he said, were "embarrassed but still not penitent for the damage they are doing to the planet, themselves and future generations".

● Brazilian monthly inflation hit almost 26 per cent last month – its highest level for almost two years. The figure, released by São Paulo university, was a disappointment to Economy Ministry officials who had been hoping that their continuing tight monetary policy would result in a stabilisation around the December level of 23.25 per cent.

Beijing group drops BCCHK plan

BEIJING-controlled China Resources has dropped plans to participate in a consortium which is taking over Bank of Credit and Commerce Hong Kong (BCCHK), acting general manager Li Liangxi said, Reuter reports from Hong Kong.

Li said: "We will continue to study our future strategies for developing banking business." She declined to give reasons for the decision.

The takeover of the local subsidiary of Bank of Credit and Commerce International, led by The Hongkong Chinese Bank, has been persistently delayed by snags centring on an expected Abu Dhabi guarantee for unrecorded liabilities.

China Resources, which has diverse Hong Kong holdings, had shown interest in taking a 30 per cent stake in the consortium which agreed to buy BCCHK's assets and recorded liabilities from the government last November.

No-one would comment at Hongkong Chinese Bank, part of Indonesia's Lippo Group.

Last month, provisional liquidator Mr Noel Gleeson said he doubted the new bank would open before July, several months later than originally hoped.

On Monday Hong Kong's High Court adjourned a hearing on the bank's liquidation for 21 days to allow Mr Gleeson more time to pull the deal together.

A guarantee for unrecorded liabilities from the Abu Dhabi government, BCCHK's major shareholder until the Hong Kong government closed it last July, is central to the rescue plan but it has still not been made.

Government proposes new training credits

By David Goodhart and Ivor Owen

THE GOVERNMENT has supplemented its original plans for another round of restrictions on trade unions with a "United Kingdom Social Charter" stressing rights for the individual at work and new training opportunities .

The main piece of new legislation planned in the employment policy paper, published yesterday, requires that individual employment contracts give employees more details of their terms and conditions.

There are also plans to make poaching of skilled workers more difficult by encouraging legally enforceable contracts which would allow employers to recoup some of the cost of training if a worker left within a certain period. In both areas the government will consult before legislating.

In the field of training the main new ideas are to extend the credits concept to careers advice for adults in work wishing to expand their employment opportunities and to provide "open learning" vouchers, in conjunction with libraries, for the unemployed.

Mr Michael Howard, employment secretary, told the House of Commons, to derisive Labour laughter, that the training proposals would be paid for out of existing budgets.

The report is a sustained argument against the employment proposals of the opposition Labour Party and the European Community Social Charter. "Our approach is a lightly regulated, decentralised and flexible approach...the alternative is to follow a more centralist and regulated model which prefers the collective or corporatist approach", says the policy paper.

However it implicitly acknowledges the impact of Labour's accusation that the Conservative employment agenda was merely negative "union-bashing". Many of the original discussion paper proposals are still there: union members right to join the union of their choice regardless of the Trade Union Congress rulings; a right to more financial information about unions (including salaries of top officials); and protection for union members from abuse of "automatic check-off" of union dues.

The policy paper stresses the superiority of individual dealings with employers rather than "distant negotiations between employers and a trade union", hence the new detail that employers will probably have to provide in employment contracts. That detail goes beyond what is required through adoption of the EC's Directive on Proof of Employment Relationships.

Mr Howard said that he expected that poaching employers would "buy-out" an employee from a contract. In this and other areas where individual contracts will become more important, the white paper envisages a greater influence for industrial tribunals.

Major wins backing for Ulster talks

By Ralph Atkins

MR JOHN MAJOR succeeded last night in using a meeting he had called on security in Northern Ireland to reopen efforts to start "round-table" talks on the province's political future.

Unionist and nationalist leaders agreed to discuss, without ministers, how obstacles to formal talks – which had been postponned until after the general election – could be overcome.

The outcome of nearly two-hours talks was described by Downing Street as a "modest but significant breakthrough". But the agreement was, in effect, no more than a promise to "talk about talks" with little tangible to suggest they would be more successful than past efforts to start formal negotiations by Mr Peter Brooke, Northern Ireland secretary.

Mr Major called the meeting following the steep escalation in terrorist violence in Northern Ireland. He also appeared swayed by claims that by putting political talks into abeyance, the government was creating a political vacuum which could be exploited by terrorists.

"The meeting needed to make progress to show that politics can work," said a senior official. The prime minister has also agreed to meet shortly with Mr Albert Reynolds, the new Irish prime minister.

Mr James Molyneaux and the Rev Ian Paisley, the two Unionist leaders, appeared impressed at Mr Major's personal intervention, even though only a part of the meeting was devoted to their concerns on security. Downing Street said internment, the Ulster Unionist's central demand, was not discussed.

Mr Molyneaux described the Mr Major's role as an "enormous help". Dr John Alderdice, leader of the cross community Alliance party, said, "the prime minister is bringing the whole weight of the government behind the problems of Northern Ireland."

Mr John Hume, leader of the nationalist Social Democratic and Labour Party, said the talks were "positive". The leaders were also unanimous in deploring terrorism by both loyalist and republican terrorists.

Mr Brooke put his initiative on hold last month because of disputes over what would happen if talks coincided with a change of government.

Troop movement: demonstrators calling for British soldiers to quit Northern Ireland staged a protest near Whitehall in London yesterday. At the same time an unexploded bomb was found in a nearby phone kiosk after a warning.

BANK OF ENGLAND QUARTERLY BULLETIN

Further decline puts chances of recovery at risk

By Peter Norman, Economics Correspondent

THE Bank of England still believes the UK economy will recover this year. But its latest quarterly bulletin offers very little evidence that the upturn is at hand. Indeed, it stresses that the outlook is surrounded by risks, especially in connection with the private sector's high level of debt.

Six months ago, the Bank said the UK economy was "bumping along the bottom" of recession.

Instead, manufacturing output has continued to decline since the summer. Service sector output, which appeared to stabilise in the third quarter, might have been displaying a "false dawn".

About the only signs of recovery identified by the Bank are the leading indicator measures compiled by the Central Statistical Office. These, it says, "point firmly to an upturn in output in the course of 1992".

The UK's leading indicators, however, have yet to be taken seriously by most City analysts or private sector economists.

Perhaps because the budget and a general election are in the offing, the bulletin offers no new ideas about policies which might help boost the economy.

It is cautious about the prospects for an early cut in interest rates, noting that recent tensions in the exchange rate mechanism of the European Monetary System "have made further easing of monetary policy difficult".

The bulletin contains a guarded warning to Mr Norman Lamont, the chancellor of the exchequer, not to indulge in too expansionary a budget or adopt short term palliatives.

It notes that fiscal policy is already playing a role in reviving the economy through the automatic stabilisers and December's decision to suspend temporarily the levy of stamp duty on house purchases. "But the basis for sustainable growth remains a credible commitment to the ultimate goal of price stability. This is bolstered by membership of the ERM and a medium-term target for public spending and borrowing."

In its analysis, the Bank says two factors have frustrated earlier hopes of a recovery.

● Prospects for growth in the world economy "have deteriorated sharply over the last quarter". The Bank now expects growth in Britain's six major trading partners to fall to around 2 per cent this year from 3 per cent previously.

● Domestic business and consumer confidence has fallen.

The Bank believes consumer confidence may have been adversely affected by sterling's membership of the ERM as individuals realise that monetary expansion and devaluation are no longer options.

The high level of household debt may be an additional brake on confidence in the circumstances of ERM membership and low inflation. Consumers may be less ready than before to borrow to finance higher spending because the principal of the debt will stay high in real terms and new debt will be relatively costly to service.

The weakness of the housing market could also be sapping confidence while consumers' expenditure also might stay depressed if house prices fall further and turnover – which is at its lowest level since 1977 – stays low.

Also affecting confidence is electoral uncertainty and the associated worries about future taxation.

The Bank believes that consumption was flat in the second half of last year because total income from employment has been flat or falling in real terms since mid-1990. A rise in the volume of consumption will require a fall in the savings ratio, it says. But although the ratio fell in the third quarter, it is not yet clear that it is firmly on a downwards path. Indeed, such a development would probably require "a clear and sustained improvement in consumer confidence", the Bank adds.

Falling inflation is one of the few bright spots highlighted in the bulletin. The Bank also argues that the narrowing of regional disparities in house prices and unemployment should assist labour mobility and improve the quality of the eventual recovery. In addition, it says there is no sign of a credit crunch in the UK and that banks should be able to provide sufficient credit to fund the recovery when it finally appears.

Bank of England Quarterly Bulletin, February 1992. Vol. 32, No. 1. Subscription details from Bulletin Group, Economics Division, Bank of England, London.

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Complaints to UK gas regulator increase by 130%

By Deborah Hargreaves

THE number of serious complaints to Ofgas, the gas industry regulator, rose last year by 130 per cent, Sir James McKinnon, the body's director general, said yesterday.

He stressed, however, that this had more to do with the effectiveness of the regulatory regime and growing expectations of service standards among consumers rather than any deterioration in British Gas's performance.

Ofgas's annual report detailed 858 complaints compared with 366 the previous year. Most were due to payment problems.

"The number of complaints we see is the tiny tip of the iceberg – people come to us as a last resort," Mr McKinnon said. "But customers are increasingly aware of their rights and are more confident about seeking redress."

British Gas said 406 complaints had been referred by Ofgas to the company.

Commenting on the figures, which represent one complaint for every 45,000 customers, Mr Cedric Brown, senior managing director at British Gas said: "We have a good record but are not complacent and must continually strive to improve."

Mr Ian Powe, director of the Gas Consumers Council, said he had seen complaints rise by five per cent over the year to 28,399. "British Gas has a way to go, but is doing an extremely good job in increasing its standard of service to customers," he said.

A scale of service standards is also due to be included in the new gas tariff formula which will come into effect in April.

The government, meanwhile, plans to introduce competition for domestic gas supplies by 1998. Before that, British Gas must reduce its market share of the industrial market to 40 per cent through the release of gas supplies to rivals.

Mr McKinnon said talks on the release of gas supplies were proceeding slowly and he raised the possibility that British Gas could still be referred to the Monopolies and Mergers Commission if it failed to agree details quickly.

He said gas should be released to the market in a controlled way which can be clearly monitored.

"We have to make certain there is no unfair pricing...and that competitors can get their gas through British Gas's pipeline system unimpaired."

At present, nine companies supplying 1,900 customers are in competition with British Gas and they hold roughly a 10 per cent share of the overall industrial market.

BRITAIN IN BRIEF

Motor trade overturns £167m deficit

The UK motor industry achieved a quarterly trade surplus in the final three months of 1991 for the first time since the early 1980s.

According to figures released yesterday by the Society of Motor Manufacturers and Traders (SMMT) the motor industry trade balance showed a surplus of £121m in the final quarter last year compared with a deficit of £167m in the same period a year earlier.

The rapid improvement in the last two years – a major factor behind the reduction in the overall UK trade deficit – has been driven both by the recession, which has sharply depressed imports of new cars and commercial vehicles, and by the industry's strong car export performance.

The SMMT warned yesterday, however, that there were "clear signs that the big growth in exports which took place last year is coming to an end."

GEC Alsthom to shed jobs

GEC Alsthom, the switchgear company, has told unions that it wants to shed a further 157 jobs from its Manchester factory in a move that will complicate a dispute which has already led to a six-week strike by 430 workers.

The stoppage was launched at the start of the year after the company said it was making some workers compulsorily redundant as part of a reduction of 95 in the 630-strong workforce.

The strikers will be told by unions today of the management's plans to seek a further cut of 157 in the workforce.

Safeway creates 2,000 new jobs

Safeway, the UK supermarket chain, announced it was creating 2,000 new jobs. The news follows reports that one of its main rivals, Gateway, could make up to 3,000 people redundant.

Safeway said the extra staff would be taken on during the next two months at nine new supermarkets, mostly located in town centres.

The news came a day after the shopworkers' union Usdaw warned that up to 3,000 staff at Gateway could lose their jobs because of falling sales.

Military land underused

Britain's Audit Commission, the watchdog body which reports to parliament on the use of public funds, has issued a report saying land owned by the Ministry of Defence is underused for training soldiers.

"The department's view is that there is a significant shortfall of army training land," it says, "but the National Audit Office's examination of the limited information available suggests that existing capacity is under-utilised."

Five out of eight training areas and 10 out of 11 firing ranges analysed by the NAO were used for less than 80 per cent of the available time, and even then the facilities were often employed less intensively than they could be.

Ann Taylor, the opposition spokeswoman on the environment, announces the Labour party's policies on women's issues. Speaking at a press conference in London, she joined Labour leader Neil Kinnock in launching *Woman Today*, a magazine calling for improved employment opportunities and better child care facilities. The magazine, the first of its kind for a political party, will be distributed primarily in areas where Labour hopes to wrest control from the Tories in the forthcoming election.

Power station plan approved

Thames Power, the independent electricity generator, has won planning consent for its project to build a 1000MW power station on the banks of the Thames at Barking Reach, London.

Thames Power is jointly owned by BICC, CU Power of Canada, and the merchant bank J Henry Schroder Wagg. Three regional electricity companies - Eastern Electricity, London Electricity, and Southern Electric - have equity stakes in the Barking Reach project, which will cost £661m to build.

Ford considers moving HQ

Ford, the US car maker, said that it has considered moving part of its Ford of Europe headquarters staff away from the UK as part of its current restructuring programme.

It had no "definite plan" to press ahead with such a move, however, and in a statement to staff it insisted that "no decisions have been made to move any activity at this time."

Ford said that recent "allegations" that it was planning to move its engineering activities out of the UK and into Germany were "absolutely untrue".

Airport radio off the air

Airport Information Radio, the commercial radio station serving Heathrow and Gatwick airports with news and flight information has handed back its licence.

The station was awarded a contract by the Independent Broadcasting Authority in July 1989 and went on-air in June 1990. It was one of 23 "incremental" licences awarded by the IBA before responsibility for commercial radio passed to a new regulatory body the Radio Authority.

The airport radio station is the second incremental station to to go off the air. The first was East End radio in Glasgow.

Junk cargo to be auctioned

Christies, the UK auction house, is to auction the cargo of an Asian trading junk, which sank a hundred miles off the coast of Vietnam in the 1690s, in Amsterdam in April. The cargo consisted of around 28,000 pieces of export porcelain produced in China for the European market.

Christie's expects to raise £1.5m. from the auction. Most of the money will go the Vietnam Salvage Corporation, an agency owned by the Vietnam Government, which asked Christie's to dispose of the porcelain.

COLLAPSE OF THE SECOND GUINNESS TRIAL ■ **RAYMOND HUGHES** ON THE CASE THAT BROUGHT A CITY FINANCIER CLOSE TO BREAKDOWN

Case unravels as judge finds Seelig too ill for trial

THE UNPRECEDENTED – though not unexpected – collapse of the second Guinness trial has created a situation that is unsatisfactory for all concerned.

The judge's decision to discharge the jury, because of concern about Mr Seelig's health, means that the charges against the former merchant banker remain on the file. In theory, they could be reactivated if he later becomes fit to stand trial again, but that is unlikely.

The result is that Mr Seelig, who has throughout declared his innocence, has virtually no hope of a verdict that would clear his name.

By the same token, the Serious Fraud Office will be unable to establish its claim that Mr Seelig was guilty of criminal involvement in the share support operation mounted by Guinness during the 1986 takeover battle for Distillers.

Lord Spens, Mr Seelig's codefendant, is faced, at least for the next week, with the possibility that he will have to go through the whole process again in a new trial.

For the eight women and four men of the jury, the past four and a half months have been wasted, while the administration of justice has suffered through a situation with which, it would appear, it has no way of coping.

That situation derives from Mr Seelig's decision two years ago that, having by then spent several hundred thousand pounds on legal advice, he could no longer afford legal representation. He also concluded that he could not afford the probable contribution he would be required to make as a condition of legal aid, and that he therefore had no option but to conduct his own defence.

His early performance was impressive. He had a detailed grasp of his brief – he, of course, knew more about the events at issue and the inner workings of the City than anyone else in court – and he quickly picked up the technique of cross-examination.

One feature of his advocacy was its informality: his questioning of Mr Olivier Roux, an old friend and former Guinness finance director who was the first prosecution witness, turned into a sort of "Olivier and Roger" show, as the two addressed each other by their Christian

Central to the case were allegations of Guinness share supporters being given undisclosed indemnities against loss, which the prosecution claimed was unlawful.

Mr Seelig brought out evidence of a number of instances of unchallenged non-disclosure of such indemnities during other takeovers at around the same time. He also succeeded in eliciting evidence favourable to his defence from a number of prosecution witnesses.

It became clear however, that, notwithstanding Mr Seelig's undoubted abilities, the fact that he was acting as his own advocate was inexorably lengthening the trial: he was taking far longer over cross-examinations than a professional advocate would have done.

The basic problem was that he did not know when to stop. He was understandably anxious to get the most out of every witness, and this led him to repetition, a too-great concern with minutiae, asking multiple questions which then had to be broken down, and asking questions that the particular witness was not in a position to answer.

Time and again, Mr Justice Henry – who throughout granted Mr Seelig an indulgence far beyond that which would have been allowed to a barrister – had to tell him that a particular witness could not deal with certain matters and that there would be other witnesses who would be better able to answer the questions.

For many weeks, the prosecution too was noticeably forebearing. Miss Elizabeth Gloster QC made far fewer objections to Mr Seelig's cross-examination methods than she would have done had her opponent been a barrister. As time went on, however, her protests became more frequent.

Mr Seelig would become frustrated and prone to emotional outbursts – that he was not a lawyer, that he was doing his best, that he had a right to defend himself and that the judge was being unfair.

It also became noticeable that Mr George Devlin, a friend of Mr Seelig who since last spring has devoted his time to helping him prepare his case, and frequently sat with him in court, was increasingly having to try to exert a restraining and calming influence.

Apart from the strain and frustration Mr Seelig was experiencing in court, he was setting himself a punishing schedule, having only a few hours sleep between long hours of preparation for the next day's hearing.

On December 2, the judge told the jury that the trial would not, as had originally been expected, end around Christmas but would last at least until Easter.

The hearing adjourned for Christmas on December 20. Between then and last Monday, the proceedings before the jury progressed by less than four days. Nearly a week was lost because Mr Seelig, who had been receiving medical treatment, was suffering side-effects from an anti-depressant he had been prescribed. A juror's illness delayed the trial for more than a week.

On January 29, matters came to a head. Mr Seelig's most emotional outburst to date crystallised growing doubts about his ability to continue – and the justice or humanity of requiring him to do so.

It had become clear that if the trial continued to proceed at the same pace – only 10 of about 80 potential prosecution witnesses had given evidence – it would last at least until the autumn. Then, on Monday, the judge heard evidence from two psychiatrists that made it inevitable that the trial would have to be halted.

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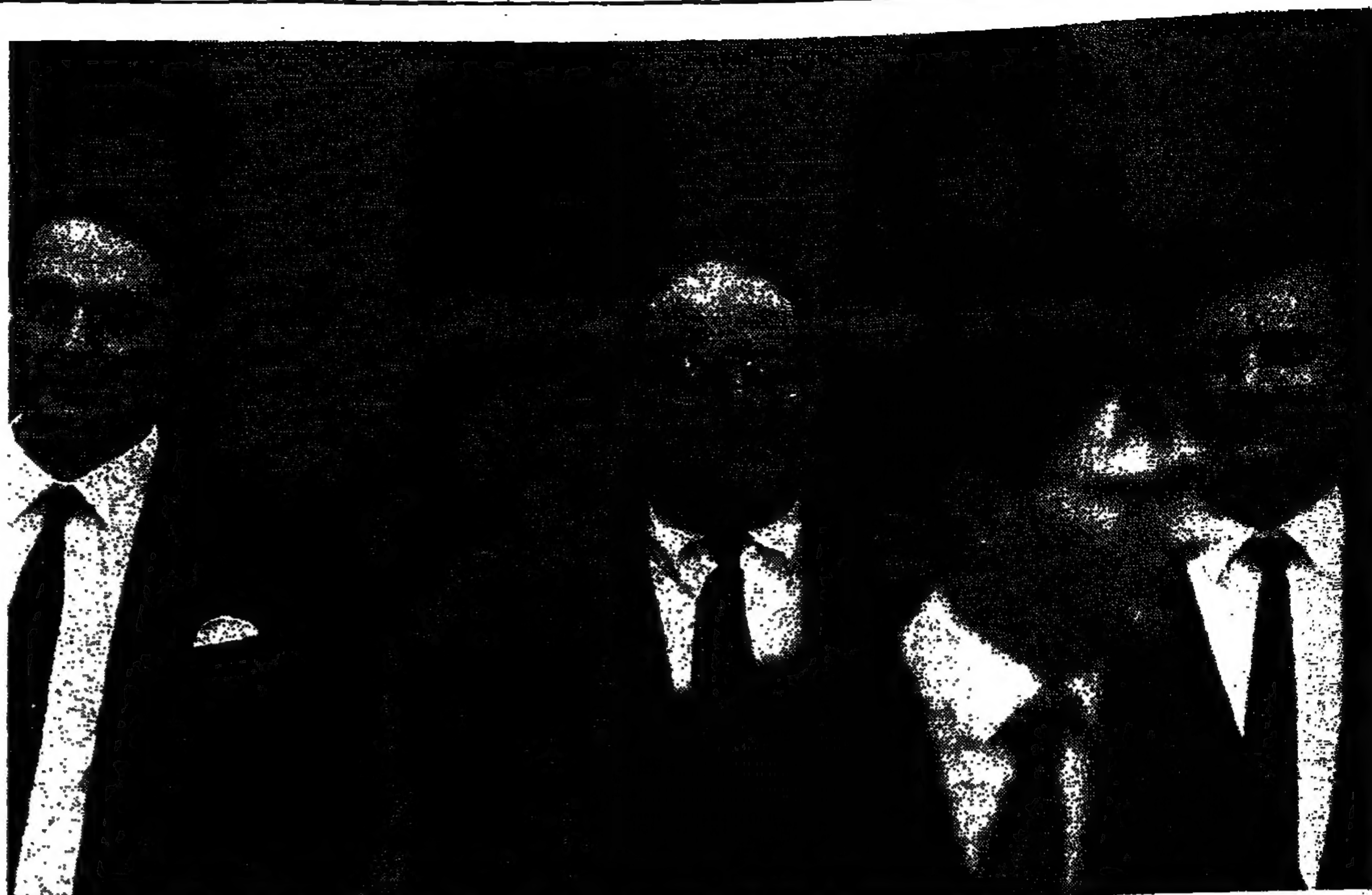


Lord Spens, (centre), Roger Seelig's co-defendant, arrives at court yesterday with his solicitor Guy Wadsworth (left), and assistant David Lake

Strain on defendant gave court cause for concern

EVIDENCE from two consultant psychiatrists confirmed Mr Justice Henry's concern – which had been growing since quite early in the trial – about Mr Roger Seelig's ability to continue to defend himself.

When he discharged the jury yesterday the judge was at pains to give them a detailed account of the doctors' evidence which, he said, showed that Mr Seelig might do "something irrevocable" if the trial went on.

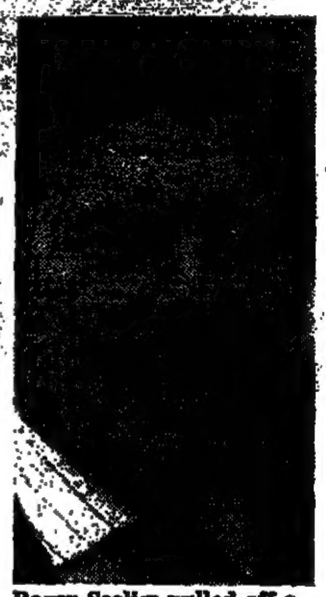
"The strains on him have been enormous and have proved too much. His mental condition reached the point where it is no longer possible for him to conduct his defence adequately."

The judge spoke of emotional outbursts from Mr Seelig, including one "hysterical outburst" on January 29.

He gave jurors a transcript of that occasion which, he said, showed "a man at the end of his health, bewildered at his loss of control and his inability to think straight, wondering whether his medication rather than his mental state is to blame, recognising that he seems to have gone funny yet insisting that he was all right and could go on."

The court tape recording, which the judge said the jurors could listen to in their room, was "even more poignant", he told them.

The psychiatrists believed, as did the judge, that that "panic reaction" had been genuine.



Roger Seelig: pulled off a string of high profile deals

The psychiatrists also believed that a slight stroke Mr Seelig had in 1990 might be a factor in his difficulty in controlling his emotions.

The judge said that last November he had recommended that Mr Seelig seek regular medical help. Mr Seelig had replied that because of carrying out his own defence he was very short of time.

"Prophetically and significantly", Mr Seelig had not wanted to have the trial stopped because of his medical condition.

The psychiatrists' opinion was that Mr Seelig was suffering from agitated depression accompanied by high anxiety. The effect had been to render him incapable of sustained concentration and accounted for his lack of mental clarity and impaired judgment and comprehension.

Mr Seelig had described himself as feeling "detached or distant" when not actively involved in cross-examination and as having difficulty in following what was going on.

He had been acutely conscious of the conflict between his desire to continue with the case until verdicts had been reached and his fear of doing himself permanent mental damage if he continued.

On February 4 Mr Seelig had told one of the psychiatrists: "I have come to the end of the bloody road and don't like admitting it. I have tried as best I can but the mountain is too high."

The judge said he had explored with the psychiatrists a number of possibilities to enable Mr Seelig to continue defending himself.

They included giving Mr Seelig periodic breaks of up to a month at a time. But one of the psychiatrists had warned that although that might offer Mr Seelig temporary relief there was a risk it would fail and that the additional strain on him "might lead him to do something irrevocable."

The judge said: "In these circumstances it seems to me that discharging you from giving verdicts in the case of Mr Seelig is quite inevitable."

Whizzkid handled bids of the decade

MR ROGER SEELIG's experiences exemplified the 1980s boom years in the City of London, Neil Buckley writes.

As a flamboyant corporate finance director at Morgan Grenfell, the merchant bank, he masterminded some of the biggest takeover bids and corporate deals of the decade. He also helped to make Morgan Grenfell the City's top takeover bank, involved in bids worth £13.5bn in one year, at its peak in 1986.

He was well-rewarded for his efforts, earning more than £200,000 a year when six-figure salaries were rather less common than they are today and gaining the nickname "Mr Gucci shoes" through his expensive taste in clothes.

Like many of the 1980s' generation of city whizzkids, he had a reputation for living fast and working fast, often conducting business over a mobile telephone from his Porsche or seat at the opera.

"He had a very high opinion of himself," said one former colleague. "But he was very able – one of the very best corporate financiers of his generation."

Mr Seelig joined Morgan Grenfell in 1971. He became a corporate finance director in 1979.

In just seven years he transformed the fortunes of Morgan Grenfell, and the grey image of merchant banking.

He pulled off a string of high-profile deals, helping Dixons, the high-street electrical retailer, to take over arch-rival Currys; building up Sir Terence Conran's Habitat/Mothercare/British Home Stores retailing conglomerate; launching the Underwoods chemists chain; and advising Mr Richard Branson on the flotation of the Virgin group.

The Guinness bid for Distillers was to be the peak of his career. Mr Seelig played a leading role in persuading Mr Saunders to launch the bid, and in devising a way of sidestepping the bid's referral to the Monopolies and Mergers Commission.

But his career was to come to an abrupt end when he resigned in December 1986, four weeks after inspectors from the Department of Trade and Industry launched their investigation into the Guinness affair.

Trial by ordeal

■ Speaking to the Financial Times, Roger Seelig said: "I think we have conducted this defence very well and it is a great disappointment to me not to be able to finish it...I haven't been beaten by much in my life."

■ "What I have really had to recognise is that the physical task was just too great. There's a limit psychologically. It's disturbing being in an endless tunnel."

■ "The expenses are quite beyond any salaried employee. To have been represented by a full legal team over the past two and a half or more years would have cost £3m."

■ I "reached a point of physical and mental exhaustion. I suddenly realised it was getting worse rather than better. There was no respite from the work and it was going from bad to worse"

■ "The financial world is absolutely in my blood and one way or another, whether as principal or consultant or whatever, I shall have to find a way of participating in it."

UK NEWS

THE LLOYD'S INSURANCE MARKET

Outhwaite result spurs claims

By Richard Lapper

YESTERDAY'S £116m out-of-court settlement in the Outhwaite case represents a decisive victory for the 987 Lloyd's Names involved in the legal action.

It is likely to encourage further action by other Names – the individuals whose capital backs the market – who are facing some of their worst losses in the 300-year history of the insurance market, the world's biggest.

One Outhwaite Name said: "The message for other action groups is that if you've got a good legal team you've a chance of getting your money back". Names took action to recover some £125m in insurance losses stemming from 32 reinsurance contracts assumed by the underwriter of Lloyd's syndicate 317/661, Mr Richard Outhwaite, in 1982.

The Names allege that Mr Outhwaite's decision to reinsure the liabilities of other insurers from the exposure to US legal awards to the victims of asbestosis was negligent.

The Outhwaite action is one of six legal cases in which Names alleged that losses arose because of the negligence of agents in four cases, and the Corporation of Lloyd's in the other. Four of these cases involving Pulbrook syndicates 90 and 334, Poland 105 and 108 and four Oakeley Vaughan syndicates are unsettled.

The Outhwaite result may spur others to join action groups. Mr David Tiplady, of solicitors DJ Freeman, who is acting for about 1,000 Names in three actions involving Pulbrook and Poland Names says that at the end of last week 280 of the 570 Names on Pulbrook 334 in 1985 were party to an action against Lloyd's agents. In addition 330 of the 478 members of Pulbrook 90 and only about 350 of more than 900 Names who were members of Poland syndicates were backing actions.

Following the Outhwaite settlement, Mr Tiplady says he has been "flooded" with calls and confidently expects these numbers to increase. At the same time, Names on other loss-stricken syndicates who have not yet taken action could be encouraged to do so. One managing agent at Lloyd's said yesterday "the writs are going to flow in like confetti."

The main concern for the authorities at Lloyd's must be the position of several thousand Names on syndicates managed by Feltrim, Gooda Walker, Devonshire and Rose Thomson Young. These specialised in catastrophe reinsurance and face losses of over £500m as claims roll into the market from the series of natural disasters between 1987 and 1990.

Some of the Names have already formed action groups and legal action is an option, especially if the internal Lloyd's reports into the losses are not accompanied by moves to compensate Names for their losses.

One of the main factors influencing the possible success of any of these actions would appear to be the availability of errors and omissions insurance for affected agents.

In the Outhwaite case, the decision of the E&O underwriters, who cover insurers against the cost of legal awards for negligence, is understood to have been a decisive factor, but it is unclear whether E & O underwriters would be prepared to be so flexible in other cases.

Mr Stephen Merrett, chairman of the Lloyd's agency Merrett Holdings, and speaking on behalf of E & O underwriters, said yesterday: "The mere fact that people have lost money in a risk business in no way entitles them to a recovery."

Names will need to take into account a change in Lloyd's rules which means that as from January 1991 members agents – who handle the affairs of Names – will no longer need to carry E&O insurance.

The Outhwaite settlement will also strengthen those who argue that Lloyd's underwriters must improve their professionalism and that the Lloyd's market must become more transparent for Names.

These twin themes featured in report of the Lloyd's task force whose recommended reforms the Lloyd's Council accepted last month.

Although no liability was apportioned in the Outhwaite settlement, it appears that expert evidence on Mr Outhwaite's behalf by Mr Richard Hazell, a fellow Lloyd's underwriter and deputy chairman of Lloyd's, may have misfired and influenced the defence to opt for a settlement.

Mr Hazell defended Mr Outhwaite from charges of negligence but accepted that the underwriter had been "imprudent in some respects." He accepted that Mr Outhwaite had not predicted the scale of potential losses when he underwrote 32 run-off reinsurance contracts covering the exposures to asbestosis and other US liabilities of other insurers.

But Mr Hazell admitted that the underwriter's failure to obtain an independent assessment of the asbestosis risk was typical in the market at the time. "If Mr Outhwaite was living in a cocoon - we all were," Mr Hazell said.

Nutting: 'You've got to have a good case and a bit of luck'

Victorious market backers find a saint in Peter Nutting

By Andrew Jack and Richard Lapper

THE TENSION of months of negotiation were only just beginning to lift yesterday morning as Mr Peter Nutting detailed the settlement reached for members of the Outhwaite syndicate.

The legal dispute pitted him against the Lloyd's establishments. Mr Nutting, 56, is himself an impeccably English establishment figure – an old Etonian, ex-Irish Guardsman, magistrate and a Lloyd's Council member. He persuaded several hundred Names to join his action, often against the advice of their accountants and other advisers.

In summer 1988, he took over chairmanship of the 1982 Outhwaite Names Association. Within 18 months the action group grew from just over 400 to nearly 1,000. Names were persuaded to contribute over £2m to finance the legal fight. Late in 1990 several hundred sent Mr Nutting post-dated cheques to be drawn down in the event of a legal defeat.

The Names heaped praised on him yesterday. "He's a saint in my eyes," said one. "He did it all and generated the settlement. He saved me from bankruptcy."

The problems in determining the size of claims and therefore the value of a settlement had clearly vexed Mr Nutting throughout the discussions. "I can't stress enough the formidable difficulty of establishing a quantum of these claims," he said.

"One of the reasons we have come to a settlement is if we had gone on and won on liability, there is not the slightest doubt that in establishing the quantum our claim would have gone to the House of Lords," he said.

There was no visible bitterness towards Mr Richard Outhwaite, however. "I have paid tribute to his efforts at damage limitation," said Mr Nutting. "He has done a super job. I very much hope he and his team will continue to be involved in running the 1982 underwriting year (which has still not been closed). It would be in all of our best interests.

"I imagine the size of the settlement may have the effect of encouraging people to join actions. But quite honestly you've got to have a good case and a bit of luck."

Mr Nutting will not be among those dissecthe settlement over the next few days. "I'm leaving for a holiday in Barbados at 1pm," he chuckled as he left the press conference.

BARLOW CLOWES TRIAL

Guilty director jailed for 10 years after fraud verdict

By Neil Buckley

MR PETER CLOWES, who stole millions of pounds of investors' money in one of the biggest frauds in British history, was yesterday sent to prison for 10 years.

Mr Clowes, founder of the Barlow Clowes investment group, was found guilty on Monday of eight charges of fraud, and 10 charges of theft totalling more than £14m. He was acquitted of one charge of conspiracy.

Passing sentence at the end of the 112-day trial, Mr Justice Phillips said: "I do not believe any judge in this country has been called upon to sentence a worse case of fraud."

Mr Peter Naylor, deputy chairman of Barlow Clowes, who was described by the prosecution as Mr Clowes's "lieutenant", was sentenced to 18 months' imprisonment. He was convicted of one charge of theft of £19,000, but cleared of four other charges.

The judge said Mr Naylor was guilty of an "abuse of his position and a serious breach of trust" and rejected a plea from his counsel for a suspended sentence.

Mr Clowes was also disqualified from being a company director for 15 years, but the prosecution made no application for costs or for compensation from either defendant.

The government has paid out more than £150m in compensation to investors who lost money after the collapse of Barlow Clowes in 1988.

Mr Justice Phillips said Mr Clowes had deliberately selected as his victims small investors who were interested "not in speculative investments but security".

During the trial the court heard how Mr Clowes "milked" millions of pounds from investors, many of them elderly people who thought their money was going into government gilt-edged stock. Instead it was spent on buying other companies, and on luxuries including a French château and vineyard, an executive jet, expensive cars and a yacht.

"It was your intention to help yourself to the money and to engage in schemes to make you rich," Mr Justice Phillips said. "What you were doing in effect was gambling the money dishonestly for your own benefit. The scale on which you did this was breathtaking.

"Anyone who deliberately carries out the kind of massive fraud you have perpetrated must face the fact that if he is caught he will go to prison for a very long time."

Earlier, Mr Anthony Hacking QC, representing Mr Clowes, said in mitigation that his client had handed over all his assets to the liquidator after the collapse of Barlow Clowes. He also faced civil proceedings involving two writs totalling more than £100m, which was likely to bankrupt him.

"It's a story of rags to riches and back to rags," Mr Hacking said.

Ashdown seeks political reform

By Ralph Atkins

MR PADDY Ashdown, leader of the centrist Liberal Democrats, yesterday stepped up his efforts to change Britain's political system. He said a firm pledge on electoral reform and ministerial posts for his party would be needed if he formed a pact with Labour or the Tories.

Political reform would be "at the heart" of the Liberal Democrats' election strategy, Mr Ashdown said at a campaign launch intended to raise the constitution as an issue – even if ignored by Labour and Conservatives.

Mr Ashdown emphasised that if Liberal Democrats were to form a post-election pact in a parliament where no single party had a majority, it would have to involve two parties working "in government" – his strongest hint so far that he is looking for at least one ministerial post.

He believes two parties working together would change the culture of British politics and be popular with voters. Liberal Democrats are also proposing home rule for Scotland, a bill of rights and a freedom of information act.

Mr Ashdown confirmed that in all "foreesable circumstances" he would vote against a government on the "Queen's speech", which sets out legislation for the new parliament, if it did not back a fairer election system. That could trigger a second general election.

He also wants agreement on a four-year programme of government. Party strategists have deliberately not specified which ministerial posts they would want, possibly reflecting a fear that too much speculation will distract from the main campaign themes.

Ashdown: time for change

The party has, however, decided to make clear its basic position for a hung parliament.

Mr Ashdown would not commit himself to automatically voting against a government that did not support proportional representation in case external factors meant it would not be in the national interest.

He also made clear that Liberal Democrats would be prepared to negotiate with other parties on some of their demands, saying he should be allowed at the time to decide "what stroke to play".

MANAGEMENT

Gary Lineker: on the ball and off to Japan

Recruitment

Poachers turning gamekeepers

David Goodhart considers whether employees should pay a transfer fee to change jobs

Football clubs do it, the armed services do it; so why shouldn't companies? Putting a value on employees and insisting that they or a future employer pays something when the staff member leaves is not entirely foreign to British traditions.

So why not use the idea to help combat the poaching of highly trained employees, as the government suggests in yesterday's Employment White Paper? Fear of poaching is thought to be part of the reason for under-training in British industry. Curiously, little empirical work had been done to show the real extent of the problem but the fact that it is widely perceived to be a problem is sufficient to make it one.

It may be that employers are merely finding an excuse for inadequate training; surveys have shown that more than one-third of employers cite poaching as a reason for not training. It is also true that training tends to be high in industries where transferability of skills is low, such as in the nuclear industry or teaching.

Employers' organisations used to run anti-poaching pacts, but such agreements and the organisations themselves have now gone out of fashion.

With heightened awareness of the importance and expense of training, the cost of poaching is a current concern. Greg Clark of the Business Performance Group at the London School of Economics has calculated that the average cost of losing a middle-ranking employee is £70,000. He arrives at that figure by adding up the cost of recruitment, formal and informal training, and an employee's learning curve.

Sig Prais at the National Institute of Economic and Social Research points out that the easiest way to stop poaching is to follow the example of Germany and to pay trainees low enough wages to make it economically worthwhile for companies to over-train.

But as that seems to be impossible, erecting barriers against the training free-riders is the best alternative. The Labour Party's idea is a training levy, under which employers who did not spend 0.5 per cent of their wages bill on training would have to pay that sum to a special fund.

But the government wants to examine how employers could extract some of the cost of training from employees who leave before a specified period of time has elapsed after training.

The government says that the legal uncertainty which currently plagues attempts to do just that must be cleared up and the procedure brought within the jurisdiction of industrial tribunals.

Michael Howard, the employment secretary, is a recent convert to the idea that more must be done in this field. As recently as last month, he was arguing that employers already have the means to bind people until some of the cost of training has been repaid.

And recent legal precedent seems to support his original argument. In 1990, a US company, Electronic Data Systems, won a battle in the High Court in London to make an employee honour an agreement to pay £4,500 of his training costs if he left within three years of completing a course. Such contracts are common in the US, and although less common in the UK, they can be found in sectors like information technology.

Viewing training as a loan which has to be repaid is a concept supported by Clark. He says that companies like British Aerospace could specialise in training and supply smaller companies which could not afford the cost of expensive training equipment.

In such cases, it would presumably be the small employer who would pay, or perhaps a combination of the small employer and the employee. Clearly, when employers want to poach badly enough, they will simply "buy-out" an employee, as Goldman Sachs did recently when it paid £10,000 for a Treasury economist.

However employers seem relatively cool towards the idea of greater use of training contracts. The spring industry, based in Redditch, suffered badly from poaching when the economy was booming. People trained as statistical process controllers were often using their certificates as a ticket to a new job.

But Michael Parkinson, chairman of Airdale Springs, says that restrictions must not be put on people's career paths, adding that poaching is "an attitude problem not susceptible to legislation". Edward Roberts, chairman of Heath Springs, echoes that view, saying: "Employees won't be poached from good companies". Peter Ashby, senior consultant of Fullemployment UK, does not like the idea of "transfer fees" believing that it is bad for the employees. He prefers the idea of individual training accounts, already used in many companies, where employees share in the cost of their training, especially where it is of no immediate benefit to the employer.

One growing problem that transfer fees cannot deal with is the disincentive to training in large organisations. An economist working in one of the clearing banks has pointed out that since training budgets have been devolved local managers want to train only for their immediate technical needs and not send staff on general management courses.

But the new emphasis on repaying training costs ought to be welcomed by one large part of the economy, the public sector, which has always over-trained to the benefit of the private sector.

Paul Gascoigne: sad to be leaving for Italy

Lisa Wood investigates the part played by Tecs in encouraging the provision of nursery places

Why youngsters are taking their parents to work

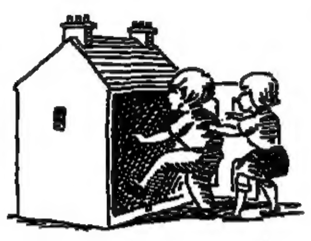
It was not until Kay Coleman became a director of her local Training and Enterprise council (Tec) that she realised something was amiss in her own company.

"One of the issues that kept coming up at Tec board meetings was nursery provision in the Oldham area," she says.

With an eye to recruitment at the medium-sized clothing company which she runs, she decided to open a nursery. Because of the recession, she found that hiring staff was less of a problem than she had expected.

However the nursery – which opened in 1990 and offers 30 places – is paying off in other ways.

"We are getting increased productivity from mothers who bring their children to the nursery. They tend to come in earlier, stay longer and appear more settled."



CHILDCARE

Oldham Tec may have provided the inspiration for the nursery but it provided no money. But Oldham, along with the new network of 81 other Tecs, is seeking to play a part as a partner and catalyst in the provision of nurseries and child – care.

This is part of a wider brief of promoting opportunities for women – including paying childcare costs for single-parent trainees. It is a role most Tecs appear to be taking seriously, albeit in varying ways.

Some Tecs, including Hertfordshire Tec, are helping to set up nurseries in partnership with employers and local authorities.

Others are training unemployed people to set-up after-school clubs.

As with other Tec activities, results vary in quantity and quality, depending in part on how long a Tec has been established.

Many of those Tecs with the most progressive policies have female chief executives, such as Olivia Grant at Tyneside Tec, or confident women board members, such as Coleman at Oldham Tec.

A survey conducted last summer by The National Council for Voluntary Organisations (NCVO) and Daycare Trust-The National Childcare Campaign showed that:

- More than one-third of the 50 Tecs that responded had a specific policy on childcare. More than half had a strategy or statement on childcare.
- More than half had an advisory group which considered childcare issues as part of its remit.
- Forty per cent had a staff member with responsibility for childcare issues.
- Half had discussed with other agencies the development of local childcare facilities, for the under fives, for after-school care and for holiday play schemes.
- A quarter had encouraged collaboration between employers and local authorities on out-of-school and holiday childcare schemes, with a further 36 per cent proposing to do so.

The authors of the report said the seniority of members of staff with responsibility had a direct influence on the extent to which childcare issues were taken seriously.

Olivia Grant of Tyneside Tec said childcare was important from the start. "It was a message we got from the community and was raised by several employers too," she says.

The Tec appointed an officer to investigate local childcare. Her investigations showed patchy provision in the area, although some local authorities, notably North Tyneside borough council, provided good facilities.

She concluded that the greatest immediate need was after-school and holiday care.

A pilot programme – called the Kids Club Enterprise Course – is being set up, under which the Tec is training people to provide local childcare facilities.

Places are funded under the Employment Training (ET) scheme for the long-term unemployed.

The programme will be run by a local enterprise agency in partnership with the Kids Club Network, a charity working to promote after-school care of children.

Courses will include advice on developing business plans and how to acquire premises.

The Tec believes its money is best used training people who want to work with children rather than investing in bricks and mortar.

"We do not want to be an alternative social services department," says Grant.

As part of the aim to help individuals, the Tec will consider offering them its Enterprise Allowance which gives financial help to unemployed people who want to set up their own businesses.

Tyneside Tec, which has has a women's advisory group drawn from the local population, has a number of other initiatives, including one to support training courses for ethnic minority women who want to be child minders.

"We have not got all the answers but people are helping us to ask the right questions and frame solutions which we hope will be effective," says Grant.

This is the final article in the series on childcare. Previous articles appeared on January 13, January 17, January 31 and February 10

ARTS

Still a rich and varied diet, but for how long?: Granada's 'Maigret'; BBC's 'The Lost Language of Cranes'

TELEVISION

Big business versus creativity

The opening of the winter Olympics, so clearly devised for television, was a collectors' item worthy of recording on tape and storing alongside those early editions of the *Eurovision Song Contest* in which Norway used to get "Nul pointes". Somebody had clearly decided that since the whole thing was, metaphorically speaking, a big pantomime, it might as well be literally that. So each team was led into the stadium by a girl fitted from neck to knees with a huge plastic fishbowl full of swansdown (we know it was swansdown because David Coleman told us so) which she flicked about with her hands to create the effect of a snowstorm toy. Then the teams were greeted by the Broker's Men – actually a man speaking French and a woman speaking, er, English – with rhyming couplets: "From Latin America signor, signorina/Please welcome the athletes from Argentina". The shade of McGonagall must have been squirming in pleasure. "With a startling speed they cover the miles/The team from the Dutch West Indian isles". Jets performed aerobatics, massed roller skaters swayed to Beethoven's Ninth, and the French president looked appropriately sheepish, probably digesting the French version of "In summer and winter it's coastal and hilly/So welcome the team that's come here from Chile".

★

Since it was used for the title, the phrase *The Lost Language Of Cranes* was presumably centrally important to BBC2's Sunday night drama. Did every viewer except me understand the significance? Who was the small boy who copied the movement of the cranes outside the high rise flats? Given that his behaviour was being studied by a social worker, was he supposed to have behaved like Lorenz's geese and modelled himself on the first thing he saw after birth? If so, what had this to do with homosexuality? Were we supposed to think that young Philip became a homosexual because he modelled himself on his homosexual father? Or what? I think we should have been told. Ironic that, in a drama where virtually everyone in sight was a male homosexual, the best acting came from Eileen Atkins, playing the heterosexual Rose.

★

For any viewer who is not entirely cynical about television, and who values high quality programmes, the "resignation" of David Plowright from Granada is an ominous if not entirely surprising event. His enforced departure is the clearest sign yet that we are indeed going to be subjected to that downward-swirling vortex which some of us predicted when the asinine Thatcherite plans for broadcasting were first mooted. Those plans are now putting the accountants on top. Television is, of course, big business and needs accountants, but it is also a creative industry and once the Plowrights are driven out the prospects for any more *Bridesheads*, any more *Worlds In Action*, look pretty thin. Writing in the *FT* in October, Samuel Brittan, who served on the Peacock Committee, said:

"There is indeed scope in a civilised society for the provision of programmes in the arts, sciences, humanities, news, documentaries, and many other fields which cannot pay their way either by advertising or by subscription. Bodies such as BBC2 and Channel 4 exist for this very purpose; and Peacock proposed a much broader Arts Council of the Air. There is nothing, however, to support a grey in-between mess in which the BBC feels it has to compete in the mass market for pulp, while commercial entrepreneurs have to go through the motions of providing a due ration of what the regulators would regard as quality."

It can be argued, on the contrary, that there is everything in 48 years of the BBC/ITV duopoly to support the brilliant in-between mass, achieved more by guess than by god, which offered British viewers such a richly varied diet. That richness and variety resulted largely from ITV's efforts to win some of the BBC's kudos by making public service programmes, and the BBC's efforts to win some of ITV's popularity by creating more appealing comedies, drama series, and journalism. The system was not broke and did not need fixing; it was producing some of the most enjoyable (and, according to market research, most enjoyed) television in the world. It was envied the world over. Yet doctrinaire political thinking and hostility to television journalism in the last Thatcher administration ensured that the industry was well and truly fixed. Future historians may well conclude that one of Britain's more successful undertakings in the latter part of the 20th century was ruined for malicious reasons, and the departure of David Plowright may be seen as the beginning of the end.

★

Television is not a medium in which the use of language very often strikes you as expressive, and the odd thing is that on the rare occasion when it does, the programme almost always seems to be a comedy. Les Dawson on one of his higher flights of fancy can be both hilarious and linguistically rich, and the best examples currently available are in BBC2's repeats of *Victoria Wood As Seen On TV*. Her monologue for Patricia Routledge last week was so splendid that you needed to hold your breath and contain your laughter in order not to miss anything: "I was in that mood when you eat dry Weetabix and watch the Open University...I'd left me cue-lottes on the Underground and it was apprentice day at the bikini waxers...I still can't polka without wincing but we're spunky in Cheadle, we totter on..." The only television regulars who can match Wood in this area of genteel suburban pretensions are Barry Humphries in his Dame Edna persona and Alan Bennett. It is doubtless not sheer coincidence that Bennett has used Routledge to deliver some of his best lines. She is so good at it.

★

Talking of language on television, when did you last hear the word "philippic" on the box? It cropped up in an unusually quirky and enjoyable item from David Sells on *Newsnight* last week. He took a train from Moscow to Kiev, crossing one of the new frontiers, and his piece reminded you of the great days of reporting by people such as James Cameron and Rene Cutforth. You suddenly realised what the "Birtian revolution" is denying us.

★

Isn't Michael Gambon wonderful?

Well, yes, he is a rather impressive actor.

A better Maigret than Rupert Davies?

Surprisingly similar, really, given the 32 years between their series.

Doesn't Budapest stand in amazingly well for 1950s Paris?

Amazingly.

And wasn't it funny seeing James Cellan Jones taking off his producer/director hat to play the waiter and even giving himself a line?

Terribly droll. Just like Hitchcock. You say he took off his hat but did he take off those sandals that he's always worn, even when he was head of plays at the BBC? You couldn't see his feet.

At least you must admit there were no steam trains in this episode.

True, but there were moments when you thought "Oh dear, there's that spotless vintage motor again".

Why are you so grudging about this new ITV series, isn't it precisely what British television does so well, and just the thing for Sunday nights?

Certainly it's awfully well done, but if you polled the viewers on what television drama needed most do you think they would say "Another detective series, please, preferably period"?

Does that mean you think it will get poor ratings?

No, but the law of diminishing returns must set in eventually. We already have Spender, Taggart, Miss Marple, Poirot, Morse, Van der Valk, and more. There must be a limit. Mustn't there? Surely...

★

We can hardly begrudge Dan Maskell his retirement, after all he is 83, will be 84 in April, and in 43 years (he began his commentaries on radio in 1949) has never missed a day at Wimbledon. And yet, for fans of televised tennis, the prospect of getting through this year's Wimbledon without him is dreadful. He is still the best tennis commentator, being clear, calm though enthusiastic, urbane, and extraordinarily knowledgeable. It is difficult to think of any other sport with a commentator as good. He promises he will be at Wimbledon this year as a spectator; couldn't the BBC persuade him to pop into the commentary box occasionally, just for six or seven hours a day, say?

Christopher Dunkley

Singular concertos

ROYAL FESTIVAL & QUEEN ELIZABETH HALLS

The first performance of Benedict Mason's BBC Symphony Orchestra commission was originally planned for last year, but postponed for mysterious scheduling reasons. The delay brought its own rewards, however, for in place of the premiere the BBCSO performed Mason's immensely attractive *Lighthouses of England and Wales* from 1988, which was subsequently recorded and released as a CD single. The large, enthusiastic audience that gathered in the Festival Hall on Monday night for the BBCSO's unveiling of the Concerto for the Viola Section, conducted by Lothar Zagrosek, might well have been more familiar with Mason's music than a year ago, and known perhaps if not what to expect, then at least what not to expect.

The new concerto shares at least one property with *Lighthouses* – an approach to orchestral writing that pays fond homage to 19th-century traditions, while coming up with a grammar and sense of continuity that are very much post-modern. In the earlier orchestral piece it was the impressionist view of the sea that lay behind so many of the textures; in the Concerto it's a whole history of orchestration ranging across 19th-century romanticism that informs its workings. It is essentially a work about scoring and about the role of the violas in the middle of a traditional string texture, sometimes defining the pulse of the music, sometimes sharing its melodic contours, yet rarely finding themselves in the spotlight.

In the concerto the violas are amplified and rise through the textures as if the orchestral balance had suddenly been turned inside out, while Mason sets up an extraordinary series of inventions, conceits and musical jokes around them. There are six movements, alternating fast and slow with fond yet oblique references to the viola's orchestral past in all of them. The huge orchestra, with percussionists hovering over everyone from the choir stalls, contains all manner of exotica, as well as a pair of singers among the wind sections who masquerade as instrumentalists until their moments arrive.

At first hearing the overall structure was not entirely convincing; one wonders whether the work does justify its length and proportions. But there are wonderful ideas along the way, some of them arising directly from the extra-prominence of the viola line, others purely inspirational: textures coloured by swanee whistles at one point, synthesiser at others, and the soprano soloist unwinding some exquisite vocalise. Setting these surreal events within a soundworld that audibly derives from the 19th-century gives the concerto a crisply defined character and very positive tang.

★

Dominic Muldowney's Percussion Concerto, which the Bournemouth Sinfonietta introduced to London in the Queen Elizabeth Hall a week ago, is the latest in the line of works in which Muldowney has utilised his techniques of tempo layering, setting up ratios of metronome speeds between the sections of an ensemble to produce highly complex yet perfectly playable rhythmic patterns. The most ambitious exploration of these ideas promises to be his Violin Concerto, due to be heard in Liverpool next month, but in the meantime the percussion piece seems the most successful and cogent example so far.

The single-movement piece was written for Evelyn Glennie, who plays it with wonderful flair and accuracy. The percussionist stands at the centre of the platform with the chamber orchestra divided into groups around her; players take their lead from either the soloist or the conductor, so that the music builds up complex polyrhythmic layers as it runs through the precisely geared tempo ratios. The idea may sound dry and cerebral, but isn't at all in performance; the music is a glistening web of ever-changing textures and motives, tinged occasionally with echoes of popular song and jazz accents.

There is a good deal of repetition, of material revisited from a different perspective, hence the work's Birtwistle-like subtitle, "Figure in a Landscape". From that point of view it seems to be Muldowney's most Birtwistlian piece for some time: full of intriguing possibilities, flashes of revelation, and the strange, hidden rituals so characteristic of his former teacher.

Muldowney conducted the performance, which was part of a concert for the Arts Council Contemporary Music Network. Tamás Vasary took charge of the rest of the programme, which brought the London premiere of James Macmillan's diffuse and overlong *Tryst*. It also included Stravinsky's *Danses concertantes* (written 50 years ago) and Prokofiev's *Classical Symphony* (75 years old); just what are those works doing in a touring programme supposedly devoted to "contemporary" music?

Andrew Clements

Bingham String Quartet

PURCELL ROOM

The current Park Lane Group series is entitled "String Quartets Plus..."; on Monday the quartet was the Bingham team, and their "plus" the pianist Andrew West (for Shostakovich's Piano Quintet). Though the PLG's first objective is to promote contemporary music, represented here by Elizabeth Maconchy's Quartet no. 6 (1950) and Iannis Xenakis's recent *Tetora*, they aim also to promote younger artists who are seriously attuned to new music. Hence the Bingham Quartet, whose faithfully searching accounts of Maconchy's quartets from no. 5 to no. 8 have already been committed to a Unicorn-Kanchana CD.

Truth to tell, the best Bingham performances by a long way were of the Maconchy 6th and the Xenakis. In the former they have been coached to excellent purpose by the composer herself, and they made its sinewy lines tell plainly. An extra touch of astringency in their address would still have been welcome: a bracing, downright Roman virtue in all 13 of Maconchy's quartets is the leanness of their arguments, and nothing is gained by softening their edges. Everything is open to the ear (and mind) – they say candidly what they mean, but never stoop to ingratiate themselves. That's why I think that her conveniently concise quartets are likely to find permanent niches in the repertoire.

The Xenakis *Tetora* – Dorian for "4", apparently – prompted the gutsiest, most full-blooded Bingham playing. *Tetora* belongs to the composer's "ethnic" vein, not to the actuarial fantasies that first made his name. Its workings-out are dense but always folkish, and they sustain a steady pressure of raw, earthy feeling even while they rotate the material in tight little circles. In Shostakovich's fine Quintet, however, only the pianist West appreciated its extrovert dimensions – grandly rhetorical at the start, exuberant and unbuttoned in the Finale – and he was audibly at pains to trim his scale to the wan, respectful Bingham measure.

We'd had enough of that already in their Haydn, the B minor quartet from his op. 33, where they managed to reduce every bright thrust (there are many, some of them gypsy-inspired) to juiceless pantomime: as if they took the piece to be Eminently Worthy, but of course not much fun to play or to hear. Haydn would have been astonished, and probably insulted. There were moments of curdled pitch, too, and the leader's exposed sallies too often squeaked and wheezed.

David Murray

La Bohème

ROYAL COLLEGE OF MUSIC

This is a greatly appealing student production. Its attractive qualities start with the youthfulness of the cast – professional performers of *La Bohème* (like those of *Eugene Onegin*) seldom manage to combine vocal aptitude and visual verisimilitude. But the pleasures don't stop there: the production by Mike Ashman proposes a fresh statement about the piece, and the singers, orchestral players and conductor (Michael Rosewell) invite us to respond to it with equal freshness.

Ashman, an erratic and sometimes wilful opera director for the bigger British companies, has done some of his best work in the RCM's wonderfully intimate Britten Theatre – I remember his *Paul Bunyan* and *Onegin* with particular affection. He and the designer Bernard Culshaw have here found a method of updating that comes across as a quickened imaginative response to the musical and verbal text, not a lazy-minded gimmick.

The stage design is abstract, the dress modern, the narrative unfolding elliptical; quick switches of lighting (by John Bishop) underscore the emotional patterns. This is a production devised to make young performers (including a splendidly controlled mixture of Christmas Eve revellers, adult and children) feel at home, which sets up vital lines of connection between past and present, Puccini's day and our own.

Of the first-night cast (there are three alternating sets of principals for the six performances) the stand-out figure was the Rodolfo of an astonishingly gifted young Chinese tenor, Ya-Lin Zhang. He needs to improve further his Italian diction (which stood out the more because of the impressively natural delivery around him), and to master much greater flexibility of stage presence; his steady, supple tones, beautifully unforced and romantic-sounding, hint at a remarkably bright future.

The Marcello, Richard Croft, shows himself a born singer-actor, alert in his instincts, a natural point of focus on stage; the Musetta, Elizabeth Davidson, shares the same quality. Other cast-members prove less noteworthy, though no-one lets down the prevailing high standard. It's sometimes difficult to know how to "rate" enjoyable student opera-productions; at least by the side of last autumn's dismal Glyndebourne Touring *Bohème*, this one seems to me a plain triumph.

Max Loppert

The Cutting

BUSH THEATRE

Maureen O'Brien is an actress whose first stage play displays an actorly delight in the linguistic possibilities of the theatre. She stretches silences and kneads language into unearthly stop-start rhythms. *The Cutting*, apparently based on a true story, weaves this language around a series of meetings between a middle-aged male psychiatrist and a young female prisoner on remand for apparently murdering her mother and feeding her, bit by bit, to the birds.

Dominic Dromgoole's staging is by contrast brutally unpoetic. For much of the first act, Sian Thomas' Judith stands mute and unblinking in the dingy prison set, staring out of an imaginary window and wearing the patience of both psychiatrist and audience wafer-thin. The shrink's job is to coax an explanation from Judith of her mother's macabre death, thus releasing her from both the physical limbo of detention and the psychological limbo of her silence.

Just as he is about to abandon her as a hopeless case, Judith begins to speak. Bit by bit, the job becomes a mission and professional interest becomes personal affection. Paul Freeman, watery blue eyes uncannily focused, is not given much of a progression beyond the obvious one from exasperation to love, but he keeps attention pinned on the subject of the play, whose personality unfurls with her story.

The fascination of this woman lies in her resistance to facile categorisation. Thomas' cut-glass diction, and Judith's capacity to soar from fractured monosyllables into metaphorical speech, make it impossible to pop her into any of the obvious social – or theatrical – pigeonholes. At best she becomes the figment of a wholy original imagination, while at worst, like the play, she seems precious and stagy.

Claire Armitstead

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 André Previn conducts the Royal Concertgebouw Orchestra in Brahms' Violin Concerto (soloist Viktoria Mullova) and Elgar's Second Symphony, also tomorrow and Sun afternoon. Sun evening: Frans Brüggen conducts the Orchestra of the 18th Century and Netherlands Chamber Choir in Bach's St John Passion (6718 345)

Beurs van Berlage 20.15 Lev Markiz conducts the Nieuw Sinfonietta Amsterdam in Brahms' First Serenade, Schnittke's Monologue for viola and strings (soloist Nobuko Imai) and Schoenberg's Suite for Strings. Sun: Martin Sieghart conducts the Gelders Orchestra in a programme including Bruckner's Second Symphony (6270 466)

Muziektheater 19.00 Hartmut Haenchen conducts Harry Kupfer's production of Die Frau ohne Schatten, also Sat. Fri and next Mon: Balanchine programme (6255 455/credit card bookings 6211 211)

BARCELONA

Gran Teatre del Liceu 21.00 Antoni Ros Marba conducts Roberto Gerhard's The Duenna, sung in English. Runs till Feb 20, with next performances on Fri and Sun (412 1466)

Palau de la Musica 21.00 Vladimir Spivakov is director and violin soloist in a Vivaldi programme with the Moscow Virtuosi. Fri, Sat and Sun morning: Karl Osterreicher conducts the Barcelona City Orchestra in Schumann's Cello Concerto (soloist Boris Pergamenshikov) and Bruckner's Fourth Symphony. Sun evening: Jose Carreras (268 1000)

CHICAGO

Orchestra Hall 19.00 Daniel Barenboim conducts Le nozze di Figaro. Tomorrow: Don Giovanni. Sat: Cosi fan tutte (435 6666)

GENOA

Teatro Carlo Felice 21.00 Nederlands Dans Theater in a programme of four choreographies by Jiri Kylian. Daily till Sun, with afternoon and evening performances on Sat. Feb 21-26: Alessandra Ferri dances Coppélia (589329)

GOTHENBURG

Konserthus 19.30 Peter Maag conducts the Gothenburg Symphony Orchestra in Bruckner's Fifth Symphony, repeated tomorrow (167000)

LONDON

Royal Festival Hall 19.30 Simon Rattle conducts the London Philharmonic in Nielsen's Pan and Syrinx, Robert Simpson's Ninth Symphony and Beethoven's Seventh. Tomorrow: Temirkanov conducts the RPO (071-928 8800)

Purcell Room 20.00 Patricia Rozario and the Ondine Ensemble in a programme of music for voice and ensemble by D'Indy, Durutlé, Fauré and Saint-Saëns (071-928 8800)

Barbican 19.45 Stanislav Bunin plays Chopin's 24 Preludes Op 28, Fantasia in F minor and Second Sonata. Tomorrow: Michael Tilson Thomas conducts the LSO (071-638 8891)

Covent Garden 19.00 Jeffrey Tate conducts Johannes Schaaf's production of Le nozze di Figaro, with Carol Vaness, Marie McLaughlin, Thomas Allen and Lucio Gallo. Tomorrow: ballet triple bill (071-240 1066)

Coliseum 19.00 Mark Elder conducts David Pountney's ENO production of Königskinder, with Cathryn Pope as the Goosegirl and Joseph Evans as the Prince. Tomorrow: Street Scene (071-836 3161)

Royal Albert Hall 19.30 Eric Clapton and his band in the first of 12 London concerts till Feb 28 (071-823 9998)

Sadler's Wells 19.30 Adzido: the stars of African dance return with In the Village of Africa, Coming Home and Under African Skies. Daily till Sat (071-278 8916)

MADRID

CONCERTS

Tonight at the Auditorio Nacional de Musica, Luis Izquierdo directs the Oporto Camerata in music by Prokofiev, Shostakovich, Halffter and Lopes Graca. Tomorrow: cello recital by Aurora Natola-Ginastera. This week's Spanish National Orchestra concerts (Fri, Sat, Sun) are conducted by Rafael Frühbeck de Burgos, and include Turina's Danzas Fantasticas and Ravel's Daphnis et Chloé (337 0100)

OPERA

Jean-Marie Villégier's acclaimed production of Lully's Atys, conducted by William Christie, opens at the Teatro Lirico La Zarzuela on Sat for five performances (429 8225)

NEW YORK

THEATRE

● Private Lives: wit, wisdom and war take to the stage when Joan Collins and Simon Jones appear in the 1930 Noel Coward comedy, in which the two principal characters love each other but can't live together. Directed by Arvin Brown. Now previewing prior to Feb 20 opening (Broadhurst Theater, 235 West 44th St, 239 6200).

● A Life in the Theater: F Murray Abraham and Anthony Fusco in a revival of David Mamet's backstage comedy, directed by Kenneth Dowling. No performance on Fri (Jewish Repertory Theater, 344 East 14th St, 505 2667).

● The Most Happy Fella: a revival of Frank Loesser's musical comedy, directed by Gerald Gutierrez. Spiro Malas is the middle-aged vineyard owner, Sophie Hayden the mail-order bride and Charles Pistone the handsome ranch foreman, with a supporting cast of 26. Now previewing, opening night tomorrow (Booth Theater, 222 West 45th St, 239 6200)

● Park Your Car In Harvard Yard: riding with Jason Robards and Judith Ivey makes for a relaxing outing as they star in a two-character play by Israel Horovitz focusing on the relationship between a retired high-school teacher and his live-in housekeeper. Directed by Zoe Caldwell (Music Box Theater, 239 West 45th St, 239 6200).

● Ticketron answers inquiries and sells tickets for most shows on and off Broadway (246 0102)

MUSIC

Metropolitan Opera 20.00 First performance this season of Il barbiere di Siviglia, conducted by Ralf Weikert with a cast including Frederica von Stade and Thomas Hampson. Tomorrow: Rigoletto (362 6000)

New York State Theater 20.00 City Ballet in four choreographies, including Robbins' The Cage and Balanchine's Apollo (870 5570)

PARIS

DANCE

Palais Garnier 19.30 Stuttgart Ballet in John Cranko's Onegin, daily till Sat. Next week: John Neumeier's A Streetcar Named Desire (4017 3535)

Palais des Congrès 20.30 Kiev Opera Ballet in Bournonville's La Sylphide, also tomorrow. Fri: Nutcracker. Sat: soloists' night. Sun: Sleeping Beauty (4068 0006)

MUSIC

Opéra Bastille 20.00 Paata Burchuladze in a programme of Mussorgsky songs, with the Opéra orchestra conducted by Myung-Whun Chung. Repeated tomorrow (4001 1616)

Châtelet 20.30 Charles Dutoit conducts the Orchestre National de France in Bartok's Dance Suite, Janacek's Sinfonietta and Beethoven's Violin Concerto, with Christian Tetzlaff. Tonight and tomorrow in the Auditorium at 19.00: Alban Berg Quartet plays Webern and Schoenberg. Fri: Frankfurt Ballet (4028 2840)

Salle Pleyel 20.30 Semyon Bychkov conducts the Orchestre de Paris in Haydn's Symphony No 83, Dutilleux's Metaboles and Rakhmaninov's Third Piano Concerto, with Yevgeny Kissin, repeated tomorrow. Fri: Georges Pludermacher plays Liszt's First Piano Concerto and Bychkov conducts Tchaikovsky's Fourth Symphony (4563 0796)

● A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8898

STRASBOURG

Theatre Municipal 20.00 First night of Ivo Cramer's Ballet du Rhin production of Jason et Medée, tragi-pantomime by Noverre. Daily till Sun (8875 4823)

Theatre National 19.30 Heiner Müller's play Germania Tod in Berlin opens for a two-week run in a production from Brussels directed by Philippe van Kessel. Fri at 18.30: David Simpson plays Bach cello suites (8835 4452)

VIENNA

Musikverein 19.30 Küchl Quartet plays string quartets by Nicolai, Prokofiev and Dvořák. The Vienna Philharmonic Orchestra's subscription concerts on Sat afternoon and Sun morning are conducted by Ulf Schirmer, and include music by Beethoven and Schoenberg. Sat evening and Sun afternoon: Jean-Claude Casadesus conducts Rossini, Martinu and Schubert (505 8190)

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1230-1300 Business Morning
1330-1400 Business Day
2000-2030 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman
2300-2330 World Business Today
0100-0130 Moneyline

Super Channel
0600-0620 Business View
0630-0700 Business Insiders
2130-2200 (Tues) East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
2130-2200 (Thurs) Talking Heads – international issues

Sky News
1200 International Business Report
1130, 1730, 2130, 0430, 0530 (Thurs) FT Business Weekly

SATURDAY

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0730-0800 Moneyline
0900-0930 World Business This Week - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week

SUNDAY

Super Channel
1800-1830 FT Business Weekly

Sky News
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Wednesday February 12 1992

Trade and the environment

WITH THE environment a high international priority, trade policies can be no more exempt from environmentalist scrutiny than any others. But the dangers of that scrutiny must not be ignored. Well-meaning environmentalists could find themselves in an unholy alliance with hypocritical protectionist lobbies. The outcome would not only be slower growth than is desirable, but postponement of the day when governments forge the needed global consensus on environmental policy.

The Secretariat of the General Agreement on Tariffs and Trade has today published a report on trade and the environment intended to limit the potential damage. Its fear is that environmentalist pressure to bar exports from countries that do not meet what are deemed suitable environmental standards, or to restrain imports that are not made in environmentally suitable ways, would play into the hands of domestic protectionist lobbies.

The secretariat argues persuasively that trade weapons – be they tariff walls, trade bans, or countervailing duties – can rarely be more than palliatives for the problems that concern environmentalists. Worse, where such measures are not being exploited by industries anxious to fend off foreign competition, they are being used by rich countries to force weaker ones to mirror their policies.

The use of trade sanctions for environmental reasons is bound to alienate developing countries. Furthermore, the imposition of environmental standards can be an unjustifiable intrusion into the right of countries to set their own priorities. Countries are not clones of each other. Their environmental priorities may differ for valid reasons.

Multilateral action

Where such policies result in degradation of a country's domestic environment, without international or global spillovers, two options remain. One is to leave the country to wallow in its blighted policies, until it discovers the error of its way. The other is to galvanise multilateral action. A parallel would be international agreement to impose sanctions on South Africa. Naturally, such action would have to be exceptional to be acceptable.

Where policies have a spill-over effect on to nearby countries – like acid rain or river pollution – or, worse still, where they threaten the "global commons", like the ozone layer or the world's forests, international action becomes necessary. But even then trade sanctions would rarely be the "first best" strategy. Unilateral "vigilante" action is likely to be self-defeating. Multilateral agreement would be far better.

Vast bulk

Above all, the cost of repairing the environment ought to fall on those responsible for the lion's share of the environmental damage, who are also those with the wealth and the technology to deal with it. Industrial countries should remember, as they preach the "environmentally correct" path to developing countries, that they have no claim to the moral high ground. They, not the poor, are responsible for the vast bulk of the world's pollution, especially for those problems – global warming and damage to the ozone layer – with worldwide effects.

Since there is a link between rising incomes per head and enhanced environmental standards, the rich industrial countries should also adopt policies that will accelerate economic growth among developing countries. Claims of European and American companies for compensation for the costs incurred in cleaning up their manufacturing processes, and for protection against Third World manufacturers who gain comparative advantage by maintaining cheaper, but dirtier technologies, must also be rejected. Those differences in preferences are sources of comparative advantage. Compensation is no more appropriate than it would be for different tax rates, salary levels, land costs and so on.

The secretariat is convinced that the Gatt is ill-suited to settlement of genuine environmental problems or disputes. Its report, published just four months ahead of the Rio "Earth Summit", is intended to press the case for a multilateral agreement on environmental policies, instead. The environment is important. But this concern should not be allowed to pollute the course of world trade, so denying those who are poor the opportunity to enjoy what the rich take for granted.

Fraud trials and justice

YESTERDAY'S collapse of the second Guinness trial raises fundamental questions about the administration of justice in the UK in cases concerning fraud. It comes hard upon the decision to abandon the third trial in the prolonged Guinness prosecution. It is likely to be followed today by the verdicts in the Blue Arrow case, in which – after 12 months and a cost estimated at nearly £40m – five of the 10 defendants have already been found not guilty.

By any standards this is not a good record for the Serious Fraud Office (SFO) which is responsible for prosecuting large fraud cases. Not all the blame can attach to the SFO or its outgoing director, Mrs Barbara Mills. In Blue Arrow some of the blame for the trial's inordinate length must go to the easy-going, non-interventionist style of the judge Mr Justice McKinnon. And in Guinness Two, it was Mr Roger Seelig's conduct of his own defence which prolonged the trial to an oppressive degree and threatened his health.

But there is much which can be laid at the door of the SFO in its approach to fraud trials. In particular, delays of as much as seven years in bringing cases to trial are clearly unjust. The injustice is heightened when the charges are withdrawn, as they have been on Guinness Three, after years under threat of imprisonment – not to mention the damage to income and employment – for the accused.

Sheer size

Also overdue for change is the SFO's approach of throwing the book at defendants. The sheer size of the prosecution cases threatens the manageability of the process. Presenting such cases as all-embracing prosecutions, with dozens of charges, ensures that they drag on for months and years and become complex beyond the grasp of experienced judges, never mind jurors.

As the former appeal court judge Sir Frederick Lawton has recently pointed out, there is a limit to the number of times an individual can be sentenced for the same crime. Justice does not require that every dishonest act should be identified and punished. Sir Frederick commended the advice of the former Lord Chief Justice Lord Goddard that prosecuting counsel should choose the best six counts and leave the others on the file.

Fundamental re-think

A fundamental re-think in the approach to the prosecution of alleged fraud is required before the start of the next round of cases arising out of the more recent crop of scandals. Much of the present system – including the SFO itself – was created after the publication of the report of the Roskill Fraud Trials Committee. But Roskill's recommendation that complex fraud trials should be heard by a tribunal comprising a judge sitting with two expert lay assessors was not implemented. The argument that many frauds are too complex or too long to be tried by a jury gains credence from the current failures.

Despite this, it is probably too soon to write off trial by jury in fraud cases – especially since juries have returned commonsense verdicts in cases which have reached completion such as Guinness One and Barlow Clowes. Judges could do more to help juries by simplifying proceedings along the lines envisaged by Roskill. With a tougher approach during pre-trial hearings to reduce cases to manageable proportions, it should be possible to complete most cases within the six weeks Sir Frederick Lawton recalled as necessary for his most complicated case.

Finally, the SFO appears to be under-resourced to deal with major fraud cases. To judge by its performance, a budget of less than £15m is inadequate to tackle the investigation and prosecution of frauds involving £4.5bn – or to attract high quality professionals to its staff. The present failure to find a just and effective system for prosecuting serious fraud cannot be allowed to continue.

Paris has four main tiers of government

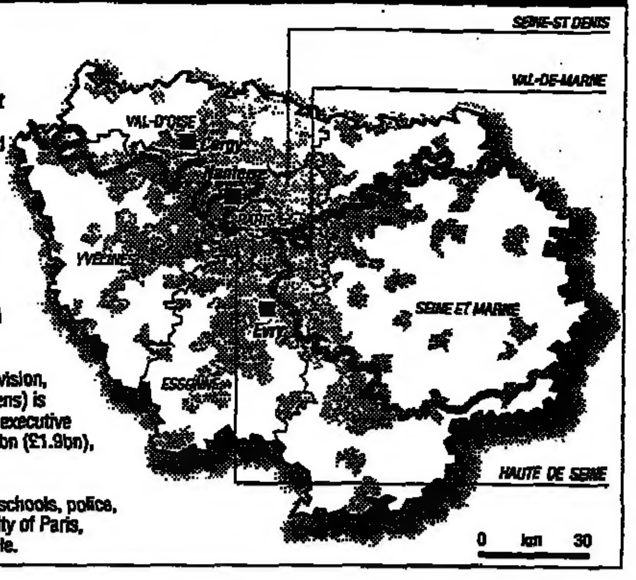
BUILT-UP AREAS

Central Government:
has the final say in most strategic matters affecting city, and controls public transport through appointed boards. Directly represented in the Ile-de-France region and each of its departments by a préfet with advisory and supervisory powers.

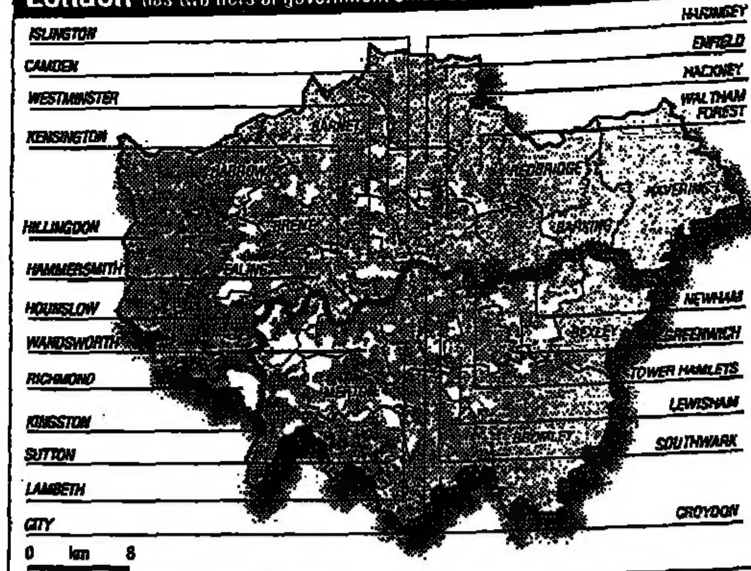
Region:
The Ile-de-France region embraces all the continuously built-up metropolis, plus the outer suburbs. Advisory powers over planning, direct responsibilities include aspects of education and transport. Annual budget: FFr 9.5bn (£970m).

Departments:
8, with broad responsibility for service provision, of which by far the largest (with 2.1m citizens) is the City of Paris – which is also the lowest executive tier in its territory. Budgets: Paris: FFr 18.7bn (£1.9bn), others: about FFr6bn (£614m).

Communes:
1,300 across region, powers over primary schools, police, some roads, some local services. Within City of Paris, arrondissements have a mainly advisory role.



London has two tiers of government since abolition of Greater London Council in 1986



BUILT-UP AREAS

Central Government:
Ministers have direct powers over all strategic issues in the capital, and control public transport through appointed boards. No equivalent to the préfet for the capital

Boroughs:
Greater London area divided into 32 boroughs, plus the tiny City of London. Broad responsibility for local services, planning, council housing, education and most roads. Typical annual borough budget: £200m.

Andrew Adonis and **William Dawkins** assess how London and Paris are tackling the problems of long-term city planning

Vision – and a tale of two cities

In London, dissatisfaction with the capital's transport, planning and environment is growing and, with it, support for an elected city-wide council. On Thursday, the Labour party will announce its plans for an elected Greater London Authority.

Paris acquired just such an authority – the Ile-de-France regional council – six years ago, to add to its already powerful city council, and the region is now debating a new strategic plan for the French capital. London has much to learn from recent Parisian experience.

London is larger than Paris – by about 11m to 10m people (taking the comparable metropolitan populations) – and the cities have their own inherited strengths and weaknesses. Last year's report of the London: World City project* rated Paris ahead in transport and planning control, but London better on culture, commercial accommodation and greenness (it has five times more central parkland).

Nonetheless, similar concerns pervade both cities: inadequate public transport, urban decay, congested roads, development and fears for the quality of life. Both cities have their urban black spots, and neither has escaped the past decade without serious street riots. That said, Paris is engaging in more serious – and more public – strategic thinking than is London. It has also done more to improve itself, and has far more ambitious plans for the next decade than can be found across the Channel.

The contrast is most evident in public transport. Paris has significantly enlarged its Metro and suburban rail networks over the past 15 years: inner-city travellers can now find a Metro stop on average every 560 metres, with a train passing every 90 seconds at peak hours, rising to two minutes on the main suburban line. (The best London's prestige Victoria line can manage in the rush hour is a train every three minutes.) The new Paris regional plan envisages construction of two city Metro lines, a suburban line and rail links between the five new towns encircling Paris.

The French capital has under-invested in motorways over the past decade – the *périphérique* ring road is no M25, and the average time a city dweller spends in traffic jams has risen fourfold. The regional plan addresses this by proposing a fourth ring road and a series of underground motorways, some to charge tolls.

It might sound like a pipe dream, but it isn't. The region's planners stress that the transport schemes – FFr260bn (£26.6bn) over 25 years – would only lift infrastructure spending as a percentage of regional gross domestic product to less than half the level achieved in the 1960s.

In London, by contrast, the past decade has seen only one important public transport extension – the notorious Docklands Light Railway, which is being virtually rebuilt to meet capacity. The Heathrow airport-Paddington express, Crossrail (from Paddington to Liverpool Street main-line stations) and the Jubilee Underground line extension (to Docklands) are due to open in the next decade, but that is the extent of projected expansion. Since London Regional Transport and British Rail project capital spending separately, and only three years ahead, there is no "public transport plan" for the next decade.

As for roads, London's prospectus of new links to Docklands, an upgrading of the M25 and North Circular, and a shelving of road pricing (for three years at least) is a poor match for the Paris plans. There is no statutory body to consider the pan-city transport interests of London's councils. The London Boroughs Transport Committee has concerned itself mainly with the Greater London lorry ban, and not all boroughs participate in that scheme or the committee.

Ile-de-France region and the French government are putting the final touches to a comprehensive 25-year planning document, which sets development guidelines for a range of subjects from the environment, through property development, to public transport. This will replace the first plan of its type, agreed in 1966, which laid down a timetable for the completion of the five new cities, the construction of the La Défense business district and the *périphérique*. "We recognise that you need 25 years minimum to change the face of a city," says Mr Pierre Pommellet, director-general of Iaurif, the body responsible for drawing up the regional plan.

The two cities approached their prestige edge-of-city-centre developments – Docklands and La Défense – in a similar way, with a special public corporation working to a government brief in each case. But Docklands excepted, the London-Paris contrast is stark. Within Greater London, each of the 32 constituent boroughs has – or will soon have – a separate unitary development plan (UDP).

Each plan must have regard to "strategic guidance" from the environment secretary. The London Planning Advisory Committee, an inter-borough body, is charged with advising ministers on matters of common interest. But the committee has proved relatively weak, and central influence on the content of UDPs has been patchy. Large-scale proposals, like the "east London corridor", have depended crucially on initiatives by environment secretary Mr Michael Heseltine, who is responsible for everything from poll tax to pollution.

Development control is a matter for the boroughs acting within the broad remit of their UDPs. Boroughs have the advantage of proximity to those affected by developments; but they are in a poor position to gauge city-wide interests. Their decisions can be overriden by the environment secretary, but the appeal process is cumbersome. The project to redevelop nearly 50 hectares of derelict land at King's Cross, for instance, has now been before Camden's planning committee for nearly three years, with a hard core of councillors opposed to the very principle of development. It is typical of what Dr Michael Hebbert, of the London School of Economics, calls "the borough effect – an absurdity, a perfect recipe for delay and inefficiency".

French regional and city officials are seconded high-flying national civil servants – something inconceivable in Britain

The contrasting transport and planning régimes are a product of the two capitals' radically different structures of city government (see graphic). Most of the Ile-de-France region has four elected tiers of government: state, region, department and commune. Most French commentators agree there is one executive tier too many: "We have too many criss-crossed responsibilities and areas of financing. It's hell," says Mr Jean Chevance, head of staff at the regional Conseil Régionale. But even if one of the lower three were axed, Ile-de-France would still have a layer more than Greater London.

Ile-de-France, one of the 22 elected regions set up by the first Mitterrand government in 1986, embraces 10.7m people, and extends beyond the built-up metropolis by about 60km south and east, 40km west and 30km north of the city centre. The City of Paris, the largest of the departmental councils beneath it, covers 2m city-centre residents – those living, roughly, within the limits of the Metro/Underground system. The comparable area of London is covered by 12 London boroughs, with the City of London by far the smallest.

It would be wrong to view the authorities as a strict hierarchy. With a 1992 budget of FFr18.7bn, the City of Paris spends twice as much as the regional council. The City has had but one mayor since it was created in its present form in 1976: Mr Jacques Chirac, national leader of the RPR neo-Gaullist opposition party and twice prime minister. The president of the regional council, Mr Pierre-Charles Krieg, is one of Mr Chirac's senior followers.

Moreover, the Ile-de-France region is both more and less than a strategic authority. More, because it has a direct service-providing role. The provision and upkeep of *lycées*, for instance, lies with the region, and Mr Krieg is keen to branch out into universities – a central government responsibility – and other services.

But also less, since final decisions on most important issues – from the regional plan to Metro fares, which are half London's thanks to state subsidies – lie with the government.

The state exercises its authority through a web of state corporations, and through its appointed *préfet* for the region, Mr Christian Sautter, formerly President Mitterrand's most senior adviser. Mr Sautter's appointment in 1990 was widely seen as a bid to re-assert central authority in the capital which, like most of the French regions, is under the political control of the opposition. Says Mr Krieg: "We are in an ambiguous position. Broadly, the decisions belong to the state and our powers are financial."

But discard memories of the bitter battles between Mrs Margaret Thatcher and the former Greater London Council, led by Mr Ken Livingstone, in the 1980s. Controversy there is: the region objects to financing a large share of the city's public transport investment budget, while Mr Chirac is battling against a significant cut in his government grant caused by the Socialist government's policy of favouring more "deprived" councils. Mr Krieg has recently challenged central authority by withholding cash for environmentally unpopular road schemes, and by building private Catholic *lycées*.

Yet these are mere skirmishes. Daily relations between state, region and city are businesslike. Mr Sautter's office is in the same building as Mr Krieg's and the right-wing regional president maintains friendly relations with his Socialist colleague.

The Socialists look set to get a thrashing in the March 22 regional and local elections, so Mr Krieg, who holds minority control in the regional assembly, can expect a second term. But whatever the political complexion of the Ile-de-France, it is unlikely to suffer the violent policy changes to which London has been subjected. On policy, inter-party differences are paper thin. "The Socialists might want to spend more, but we always end up agreeing on the main investment issues," says Mr Henri Paul, the region's finance director.

The consensus derives partly from the exigencies of inter-party co-operation, but at least as much from the city's administrative culture. Senior officials of both the region and the city are seconded high-flying national civil servants (something inconceivable in Britain), enjoying close professional and social relations with colleagues in central government. Typically, they will have been to the same elite civil service colleges and share similar views on the government's responsibility for providing services and infrastructure. Ile-de-France is privileged in that respect, and the concentration of resources and skills there is a perennial sore point with provincial regions.

The state, in other words, has its own regional dimension in the Ile-de-France, and had it long before elected regions were introduced in 1986.

Voyons loin, vivons mieux (look far, live better), is the Ile-de-France slogan. Paris has its problems, but if London had a government – national or regional – with the capacity to look farther, Londoners might at least be sure of catching a train on time.

** London: World City, HMSO, £24.95.*

This is the first of three articles comparing planning and public services in Paris and London.

OBSERVER

End of the road

■ When any industry goes through a difficult period, it is inevitable that the changing of the guard is accelerated. Nowhere is this more apparent than in Britain's construction industry. In many ways Sir Eric Pountain, the man who transformed Tarmac into one of Britain's biggest construction companies, personifies the changeover.

Like Wimpey's Sir Clifford Chetwood, and Bobby McAlpine of Alfred McAlpine, Pountain is preparing to hand over the management reins to a much younger generation. Neville Simms, Tarmac's new group chief executive, is just 47. Nevertheless, there is a feeling that despite the present chairman's considerable contribution to Tarmac over the years, he should have handed over earlier.

Pountain is a bit like former Burton boss Sir Ralph Halpern. He was very good at his job at first, but didn't know when to stop. As a housing man, he drove Tarmac's profits ever higher on the back of Mrs Thatcher's 1980's housing boom. This led to an over investment in land at inflated prices and Tarmac is now sufferring the hangover. The other strategic error was to over-expand in the US when other competitors, such as Redland and RMC, were expanding into Europe.

There is an element of luck in all business decisions, but in "Our Eric's" case there is a sense that, despite being the Midlands' most celebrated businessman, he lived too long on his past reputation.

On board

■ One has to admire Edmond Safra's latest coup. Hiring the 71-year-old Javier Pérez de Cuéllar, the former UN Secretary General, as a non-executive director for his various banks, will bolster Safra's personal standing in an industry where image is all-important.

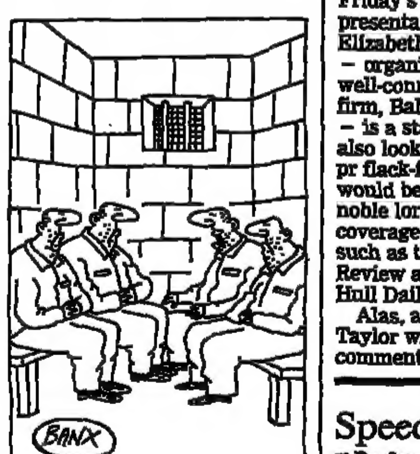
The two men met at a dinner party in New York 10 years ago and quickly became friends, so much so that the respected diplomat and his wife have spent holidays at Safra's villa on the French Riviera. The former UN chief says he won't be accepting any other bank or company directorships, although his pay for the Safra board jobs is only slightly higher than the standard $50,000 a year that other board members receive.

In the secretive world of private banking, trustworthy bankers are more important than fine margins, and Safra's reputation looks sure to gain from the recruitment of an internationally respected figure like Pérez de Cuéllar. "A safe pair of hands," judged one diplomatic commentator, "even though he wouldn't make waves if he fell out of the boat."

All-party gig

■ An unlikely partnership, in the shapes of Labour MP Tom Pendry and Tory MP Bill Cash, has just got together to launch a no less unlikely project: the Parliamentary All-Party Jazz Group. So far the two co-chairmen have signed up 30 MPs – the membership card is embossed with a tenor sax – including Kenneth Clarke and John Prescott, both card-carrying fans of Ronnie Scott, and Sir David Steel.

The cats aim to get the government dancing to a three-step programme. A – liberalise licensing laws which currently restrict "unlicensed" premises to performances by duos. B – get London's Jazz FM radio station to live up to its title in the music it plays. C – encourage the Arts Council to swing more money jazz's way. Pendry, in particular, also wants VAT removed from musical instruments.



"It hasn't been the same since Peter Clowes became snout-baron"

Media mad

■ Could Martin Taylor, one of the vice-chairmen at Lord Hanson's court, soon be out of a job?

The word is that Britain's tenth biggest company is looking for a high-powered in-house public relations person to add to its battalions of outside media advisers.

Hanson already has a director of public affairs – Michael Shea, the Queen's former press secretary. But along with Lord Glenarthur, a former Tory minister, Shea spends an unusual amount of time polishing Hanson's political relations rather than fielding questions from the financial trade press. Oddly for a company of Hanson's size, this routine duty has been delegated to Martin Taylor, who should have more serious responsibilities to shoulder.

Somewhat belatedly, Hanson seems to have accepted the need to mend its public, as opposed to its political, image. Friday's half-day investor presentation at the Queen Elizabeth II conference centre – organised by yet another well-connected public relations firm, Balfour Harley Associates – is a start. But Hanson is also looking for a permanent pr flack-fender whose job would be to ensure Hanson's noble lords more statesmanlike coverage in serious journals such as the Harvard Business Review as distinct from the Hull Daily Mail.

Alas, as usual, all Martin Taylor will say is that he never comments on market rumours.

Speedy brothers

■ Professional sport has historically provided a ladder for workers to climb out of their class, but not necessarily out of trade unionism. Nor are the rungs always cushioned with rich cash rewards.

So the innovative GMB union is busily extending its influence. Besides already representing the Scottish Professional Footballers' Association and the British Rugby League Players' Association, it has just wheeled in the 300 members of the Speedway Riders' Association.

Pac drill

■ The Pan African Congress, South Africa's ultra-radical black opposition group, complains that its slogan "one settler, one bullet" is being used out of context.

The purpose of the slogan, says the movement's latest newsletter "Azania Combat", is to encourage liberation fighters not to waste bullets. Unaccountably, whites have felt themselves to be the targets of the slogan – but a spokesman for the PAC military wing assures them that it is merely a frugality measure.

The case for no jury

Robert Rice on the potential impact of the Barlow Clowes trial

Thanking the jury at the end of the seven-month Barlow Clowes investment fraud trial on Monday, Mr Justice Phillips, the trial judge, said: "Until recent times, no one could have imagined that our legal system could place such a burden on anyone's time."

In the light of the abandonment last Friday of the third part of the lengthy and complex prosecution arising out of the 1986 Guinness takeover of Distillers, the collapse yesterday of the second Guinness trial, his comments will refuel the debate about whether long and complex fraud cases are suitable for trial by jury.

Yesterday Lord Roskill, the former Law Lord who chaired the three-year inquiry into the conduct of fraud cases which reported in 1986 added his voice to growing concern over the issue by calling on the government to re-think its decision to ignore his advice that complex fraud cases were unsuitable for trial by jury.

"I'm impenitent about non-jury trials for complex frauds. This view was right in 1986 and nothing has happened to change my mind."

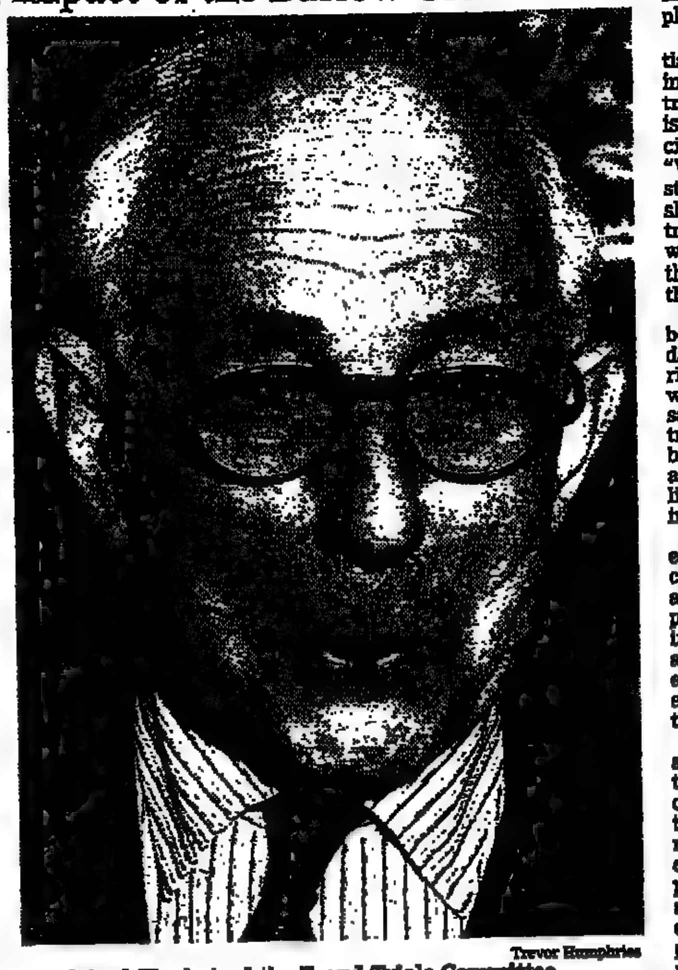
This issue was central to the Fraud Trials Committee inquiry. The committee concluded, with one dissenting opinion, that complex frauds should be heard by a Fraud Trials Tribunal comprising of a judge and two lay members with experience of business and finance.

Most of the Roskill recommendations, including the establishment of the Serious Fraud Office and the introduction of special pre-trial procedures for prosecuting fraud, were adopted by the government in the 1987 Criminal Justice Act. The government, however, rejected a special Fraud Trials Tribunal.

The committee's view was that many jurors were "out of their depth" in complex fraud cases and that society appeared to have an attachment to jury trial which was "emotional or sentimental rather than logical".

Lord Roskill said in his report that the material he had encountered in commercial fraud cases had been uniquely complex. Yesterday, he accepted that the difficulties facing the juries in the recent cases were mainly the result of the volume of material. The issue of whether 12 ordinary men and women could understand complex fraud cases or had to sit through trials of this length remains unresolved, he added.

A further problem thrown up by the three trials was their length. Not enough use was being made of pre-trial hearings to whittle cases down to manageable proportions before trial, Lord Roskill said.



Trevor Humphries

Lord Roskill: chaired the Fraud Trials Committee

The Fraud Trials Committee had recommended that a trial judge should be nominated at the initial stage of a proposed prosecution and given the power to discharge the defendant at a preparatory hearing or to reduce the charges on the ground that the prosecution evidence was insufficient. Effective pre-trial reviews were a vital ingredient of the successful prosecution of fraud, the committee said.

The system would only work if trial judges subjected the prosecution case to close scrutiny in pre-trial hearings, the former Law Lord said yesterday. "The whole object was to cut down the length of the eventual trial."

The correct use of the pre-trial procedure in the Guinness prosecution had reduced the length of the first Guinness trial by an estimated 25 per cent, he said. Even then it had still lasted more than six months.

In the Blue Arrow trial, which started on February 11 last year, a great deal of time had been spent arguing points in the absence of the jury (which was out of court for roughly 30 per cent of the total length of the trial). This suggested that the pre-trial procedures had not been properly used, Lord Roskill said.

"A very firm line must be taken at preliminary hearings so that the issues have been streamlined by the time the case gets to trial," he added.

Lord Roskill's views are still not accepted by the one dissenting member of his committee. Mr Walter Merricks, a solicitor and assistant secretary-general of the Law Society, said he had not changed his mind over the need to maintain trial by jury in complex fraud cases.

He said there was an essential unfairness in distinguishing between murderers, drug traffickers, burglars and rapists on the one hand and financial fraudsters on the other. "Why should the man who stole £1m from a bank using a shotgun be allowed the right to trial by jury, while the man who used a computer is denied the same right?" he asked in the report.

A jury would almost always be more favourable to a defendant than a tribunal, Mr Merricks wrote. When a defendant was convicted, he would not say the jury was biased. But a tribunal of professionals could be accused of bias. If they acquitted a defendant, the public might say they were helping out their City friends.

The presence of a jury also ensured that the case had to be comprehensible to the press and the average member of the public. The fundamental issue in fraud cases was dishonesty, and it was dangerous to entrust the judgment of this to experts, Mr Merricks wrote in the report.

"I still think it is wrong to single out one type of criminal trial and say 'somehow these cases are special'," he said yesterday. "In my view you would never be able to define properly what makes a case so complex that it has to be heard by a special tribunal. You would end up spending more time in pre-trial hearings arguing whether it was a special case or not and appealing it than you would if you just got on and put it before a jury."

Lord Roskill's call for a reconsideration of the question of a special tribunal is likely to increase pressure on the government to act.

With further cases pending – alleged frauds arising out of the Bank of Credit and Commerce International and the Polly Peck fruit and electronics group, and potential charges from the collapse of the Maxwell empire – the government can no longer afford to ignore growing public concern that the UK seems to have difficulty in successfully prosecuting the perpetrators of financial misdeeds.

Edward Mortimer

All Atlanticists now

A close and more balanced partnership between the US and Europe will cement the alliance

FOREIGN AFFAIRS

J Danforth Quayle has cut a more impressive figure on his current European tour than the bumbling image long projected in the US and elsewhere. Last weekend I heard him deliver a spirited address, quite different from the text issued in advance, to the Munich Conference on Security Policy, and then field questions with a coherence and punch that President George Bush might well envy.

As one US observer who was also present put it: "People are always surprised that he can walk and chew gum at the same time. He's no genius, but you can't go through a swing door in Congress without knocking into several people dumber than Dan Quayle."

Mr Quayle did not threaten, as newspaper headlines (including the FT's) suggested, that the US would pull out of Nato if the EC failed to make concessions in the General Agreement on Tariffs and Trade.

Some of the Republican legislators present came closer to it. Senator William Cohen, for instance, warned of a "prevailing and popular view in the United States that Nato is no longer relevant, necessary or affordable". Senator Richard Lugar, a former chairman of the Foreign Relations Committee, interpreted a statement made the previous day by the Dutch foreign minister, Mr Hans van den Broek, as meaning that Europe had come together on the "lowest common denominator" in the Gatt talks, "and this put them further away from the US". This, Mr Lugar said, "will undermine all that we are talking about in terms of the US and Nato ... Americans will not stay where they are not wanted".

Compared with this, Mr Quayle's remarks were very positive. He did say that the Gatt round was "critical to the security of Europe, the security of the United States [and] the security of Asia", because a world fragmenting into trade blocks with no "comprehensive understanding" between them would be a less secure one. He did say that the compromise framework proposed by Mr Arthur Dunkel, the Gatt secretary-general, represented the way to go. People on both sides "are going to nitpick that", he added, "but friends, we have to get on with it".

It is hard to imagine any American official saying less than that to a European audience in present circumstances; and, so far from threatening a withdrawal from Nato, Mr Quayle went out of his way to play down the importance of isolationism and protectionism in American politics.

Unlike Mr Cohen, who had warned that "many would like to retreat into a continental cocoon and zip out the rest of the world" and that more statesmanlike attitudes would not be rewarded by the electorate, Mr Quayle said: "Protectionism may in some districts be advantageous to getting elected, but I'm telling you that is not the way to get elected president of the United States."

If the British Labour party is now more Atlanticist than the Americans, perhaps the French Socialist government is now more Gaullist than the Gaullists

He claimed it had backfired against both Mr John Connally in 1980 and Mr Dick Gephardt in 1988, and that in the current New Hampshire primary Senator Bob Kerrey had withdrawn a protectionist TV commercial, admitting it was a mistake. It was in reply to this that Mr Lugar – perhaps playing hard cop to the vice-president's soft one – said that "the tides towards isolationism and protectionism, even though beaten back, are very strong".

After listening to all this it seemed quaint to hear Mr Martin O'Neill, defence spokesman of the British Labour party, declare at the same Munich conference that the "single largest threat" to the Atlantic alliance was "the uncertainty created by the floating of the concept of a Franco-German force". This, Mr O'Neill said, "creates problems going to the very heart of the alliance".

How, he asked, would it relate to Nato's command structure, in which Germany at present participates while France does not? Who, he went on – apparently supposing that Bonn and Paris were bent on a complete merger of their entire armed forces – would have responsibility for French nuclear weapons? And he concluded with a solemn warning that "those who use their Europeanism to cloak their continental chauvinism do no service to either cause".

Very strange. Mr O'Neill, spokesman of a party which has often been critical of US leadership, and which now regularly accuses its Conservative opponents of being half-hearted about European integration, appeared to be supporting Mr Richard Perle, the ultra-hawk or "prince of darkness" of the Pentagon during the Reagan years. Mr Perle had warned that "French policy is aimed at the destruction of the alliance which has served us so well", and chided the Germans for their apparent unwillingness to lead the resistance to this Gallic iniquity.

The explanation is, no doubt, that the Labour party is so terrified that it might again be portrayed as "weak on defence" in the UK election campaign that it is determined to appear more royalist than the king, or in this instance more Atlanticist than the president of the United States. (Mr Bush, after all, signed a Nato declaration last November welcoming "the developing European security identity and defence role".)

Not surprisingly both General Klaus Naumann, inspector-general of the German armed forces, and Mr Serge Boidevaix, the French ambassador in Bonn, leapt to the defence of their countries' plans, protesting that so far from being a threat to the alliance these represented a sincere attempt to strengthen it, which they hoped other European countries would join.

More interesting was the reaction from Mr Jacques Baumel, a veteran Gaullist leader, who said that the changes now in progress had removed the grounds of General de Gaulle's original objections to Nato's integrated command structure back in the 1960s. France, he said, already took part in numerous Nato groups and committees, and had "no ambition to be the Albania of the western alliance".

As for Franco-German friendship, "one of the post-war miracles", this was the last thing anyone should be reproached for. The vast majority of French people wanted the Americans to stay in Europe. "But the Europeans can play a bigger role in the alliance. It would be very unfortunate if the Atlanticists and the Americans were to reject this gift that they're being offered."

It is a pity that the French government, which has to make policy on the basis of nods and winks from the ever inscrutable President François Mitterrand, does not express itself so clearly on this issue. If the British Labour party is now more Atlanticist than the Americans, one could perhaps say that the French Socialist government is now more Gaullist than the Gaullists. For while it frequently proclaims its support for the alliance and its desire to see the US remain involved in Europe, it also gives the impression that it fears American hegemony and wants to see Europe develop a political and military identity completely independent from the US.

To that extent Mr Perle and Mr O'Neill are right. Where they are wrong is in failing to understand and support the efforts of the Germans, and more generally of France's European partners, to wean France away from this anachronistic attitude and engage it in building Europe on the only realistic basis, which is that of a close, even if more equally balanced, alliance and partnership with the US.

In accepting the role of the Western European Union as defined at Maastricht last December, the French have in fact come a long way in that direction. They should be encouraged, not rebuffed.

LETTERS

Impractical poaching

From Mr Richard Brown.

Sir, Your report, "Employers face transfer fee for poached staff", (February 10) raises interesting questions in an EC context. The practicality (which is highly questionable) of such a fee aside, it seems likely that the ability to inhibit employees from changing jobs would *prima facie* contravene articles 43 and 49 of the Treaty of Rome requiring the removal of obstacles to the free movement of workers. Indeed, this has already been debated in the European Parliament, Commission and Court of Justice with regard to an Italian footballer. Attempts to resolve the "poaching" problem are welcome, but the price of introducing new rigidities into the labour market is too high.

Richard Brown,
director of policy,
Association of British Chambers of Commerce,
9 Tufton Street, London SW1

US not 'softening' chip agreement with Japan

From Ms Carla A Hills.

Sir, Your article on the US-Japan semiconductor agreement ("Fresh cracks in US-Japan chip pact", February 6) was incomplete. You quoted my statement: "If the market share is 19 per cent, that will not necessarily be a breach (of the agreement)". However, you failed to include the latter part of my statement: "And if it is 21 per cent, that will not necessarily mean compliance."

The Bush administration is not "softening" its support for the agreement. Rather, I have told Japan that we expect full implementation. The level and growth of foreign market share are of great importance in assessing whether the arrangement has been fully implemented.

In accordance with the arrangement, we intend to pay "particular attention" to market share. In this regard, we are greatly concerned with the apparent flat trend in foreign market share in the Japanese semiconductor market over the past year.

The arrangement also calls on the two governments to consider other "quantitative and qualitative factors". We regularly review such factors, including the development of foreign semiconductor design-ins, and other long-term relationships between Japanese and foreign companies.

The Bush administration will continue to act forcefully to open the Japanese market for US and foreign semiconductor producers.

Carla A Hills,
United States Trade Representative,
Executive Office of the President,
Washington DC, US

Shock to competitiveness

From Mr J D Rodger.

Sir, The commentary on electricity prices for large industrial customers in the Lex column (February 5) missed the vital issue. The recession is only an aggravating factor; the main concern of large users is the impact of electricity price increases on their international competitiveness.

By the middle of this year, large users will have seen their electricity prices increase by roughly 50 per cent since 1987. In most other west European countries prices have shown little change in that period.

For most large industrial customers product prices are set in international markets. In the short term, they have the choice of losing business or losing profit margins as a result of electricity price increases. In the long term, an uncompetitive cost structure means factory closures and job losses at home and new investment abroad.

A strong manufacturing sector, as the government knows, is vital for the future health of the UK. As large energy users, we must urge support for our international position.

J D Rodger,
executive director,
business development,
Chemical Industries Association,
Kings Buildings,
Smith Square, London SW1

Chartered surveyors body not averse to change

From Mr Ted Watts.

Sir, Vanessa Houlder is wrong to assume (Property Market, February 7) that the Royal Institution of Chartered Surveyors will back away from a radical approach to future market needs.

The profession has an excellent record of change. Without the protection of statute or registration systems, it has prospered by serving clients' needs.

In the last 30 years, the profession has expanded by merger, by entering overseas markets, and by extending the applications of its skills. RICS rules have changed to permit practice with limited liability, to permit qualification overseas based on property law and practice in other jurisdictions, and to delegate academic examinations to higher education institutions.

In a body of 67,000 qualified professionals – and 22,000 working for qualification – each set of changes needs analysis and explanation. A recession which has hit property and construction heavily may make members more cautious. But the profession's leaders will press for constructive changes now as in the past and will put the needs of the profession's clients and members first, and the institution's structure second.

Ted Watts,
president,
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Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Opposition doubts UK government commitment to aid conditions

From Ms Ann Clwyd MP.

Sir, Lynda Chalker, you report, says that, "where human rights are systematically abused, or where aid is feeding corruption rather than mouths, we shall have no alternative but to cut it" ("Chalker [illegible]y of making aid commitment", February 7). Coming [illegible] days after the Indonesian foreign minister's visit to Britain, the statement could have thrown into starker [illegible] the yawning gap between Conservative government's words on "good government", and its lack of action.

[illegible]t November's Dili massa[illegible] the Indonesian army in [illegible]imor, horrific enough in itself, hardly came out of the blue. It was, in Amnesty International's recent words, part of the "long-standing and continuing pattern of human rights violations in East Timor and Indonesia". It was a pattern I witnessed first-hand when I visited three years ago, and one that continues. The Indonesian reaction to the Dili massacre has itself consisted of yet further violations, including imprisonments, torture and extrajudicial executions.

If this does not measure up to Lynda Chalker's yardstick of "systematic abuse" of human rights, I fail to see what does. And yet she and the prime minister still refuse to withhold British aid to Indonesia, which last year grew to £22.7m.

While the intense pressure of world opinion has forced the British government to make disapproving noises about the massacre, they have bent over backwards to accommodate the Indonesians. Lynda Chalker, for example, gave dangerous credence to the Indonesian government-appointed national commission of inquiry by describing it repeatedly in parliament as "independent". Dominated by high-ranking military and government figures, the commission was discounted from the outset by genuinely independent observers like Amnesty, which this week stated that it was "fatally flawed and that its findings are unacceptable".

The truth, of course, is that, while the pious rhetoric of "good government" has grown of late, short-term commercial and political expediency continue to dictate government policy in practice – just as it did when it allowed the sale of arms to Saddam Hussein's Iraq or supported the factions fighting side-by-side with Pol Pot's Khmer Rouge in Cambodia.

Ann Clwyd,
shadow minister for overseas development and co-operation,
House of Commons,
London SW1A 0AA

FINANCIAL TIMES
Wednesday February 12 1992

Political horse-trading abandoned as parties prepare for crucial regional polls

Bonn struck down by election fever

By Quentin Peel in Bonn

ELECTION FEVER is pushing aside political horse-trading in Bonn's corridors of power, as the April polling day in two important regional elections – in south-western Baden-Württemberg and northern Schleswig-Holstein – looms closer.

Yesterday Chancellor Helmut Kohl's ruling Christian Democratic Union (CDU) and its Bavarian sister party, the Christian Social Union (CSU), served notice that they would introduce within two weeks a controversial amendment to the German constitution to restrict the sweeping right of refugees to political asylum. This is a blatant pre-election manoeuvre, for it will not be put to the vote before the polls.

On Friday the opposition Social Democrats (SPD) are set to reject the government's tax reform package in the upper house of the German parliament, in an attempt to gain electoral advantage.

The SPD also announced yesterday that it would not vote in favour of ratification of the EC Treaty of European Union, signed in Maastricht last week, without improvements being negotiated. It hardened its charge against Mr Kohl that he had failed to gain an adequate deal on political union to match concessions he made on monetary union.

Most of the manoeuvring has an air of shadow-boxing, yet it does concern the most contentious issues of the day.

The CDU's principal asset for the elections is public indignation at the rising tide of asylum-seeking and immigration. The SPD and the Free Democrats (FDP), the junior partner in the coalition government, reject anything so drastic as a constitutional change to restrict rights of asylum. The CDU and CSU argue anything less will fail to stem the tide coming from eastern and southern Europe, and the Third World.

The state of the economy, and above all the rising burden of taxation to pay for unification, is the focus of the SPD's campaign. Its leaders claim Mr Kohl won the December 1990 election with a "tax lie" by saying he would not raise taxes to pay for unification.

The government's proposal for an increase in value added tax from 14 per cent to 15 per cent next year is presented as another back door tax rise to pay for unification.

Baden-Württemberg is critical for Mr Kohl. It is the last western state ruled by the CDU, after a series of disastrous regional defeats in recent years, and a bad result would gravely undermine the credibility of the federal government. However, resentment at the rising flow of asylum seekers into the prosperous south-west should help him.

In Schleswig-Holstein, the SPD is on the defensive. The party's national chairman, Mr Björn Engholm, is state prime minister. His image is one of a likeable intellectual who does not really want to be chancellor, an image he needs to change with a decisive victory.

So the CDU is tabling radical reforms on asylum which stand no realistic chance of being approved and the SPD is opposing a tax package whose central element – the VAT rise – seems certain to get eventual acceptance.

Mr Klaus Kinkel, the German justice minister, yesterday blamed inefficient management for the logjam of around 2m property claims from people dispossessed by the former communist government in east Germany, reports Christopher Parkes from Bonn.

Announcing proposed legal amendments to speed up processing and encourage investors deterred by legal bottlenecks and uncertainty over their rights, he said legislation was not at fault.

"The best, the speediest and the simplest laws are no use to us without effective administrative management," Mr Kinkel said.

Pérez de Cuéllar to join boards of Safra banks

By Alan Friedman in New York

MR Javier Pérez de Cuéllar, the former UN secretary-general, will be named today to the boards of the US and European banks controlled by Mr Edmond Safra, the Swiss-based international banker.

The directorships, on the boards of the New York-based Republic National Bank and the Luxembourg-based Safra Republic Holdings, will mark the first new appointments to be taken up by Mr Pérez de Cuéllar since he left the UN at the end of last year.

The former UN official said yesterday that he had been approached by a number of banks and companies with offers of directorships, but had decided to work with Mr Safra because the two have been close friends for the past 10 years.

Mr Pérez de Cuéllar, who does not plan to accept any other directorships, said he expected to play an active role at the Safra banks, acting as a political adviser.

Mr Walter Weiner, chairman of Republic New York, said the former secretary-general would help the banks assess international economic and political conditions.

Mr Pérez de Cuéllar said in an interview that be favoured expanding the five-member UN Security Council to include both Germany and Japan. But, he stressed, other nations such as India, Nigeria and Brazil should also be admitted to the Security Council. He was opposed to any fresh US covert action or military intervention in Iraq without UN backing.

Responding to reports that the Bush administration may be providing clandestine support for an uprising against Iraq's president Saddam Hussein, Mr Pérez de Cuéllar said he hoped the reports were not correct.

"Juridically, I cannot support any flagrant intervention in the internal affairs of another country. You cannot allow one country to take individual action."

Observer, Page 10

Javier Pérez de Cuéllar: political adviser to the banks

Lloyd's Names win £116m in Outhwaite settlement

By Richard Lapper in London

A GROUP of Names – the individuals whose assets support underwriting at Lloyd's of London – won a £116m ($210m) settlement in the Outhwaite case yesterday, ending the biggest of a number of legal actions rocking the insurance market.

The out-of-court settlement, which includes £2m for legal costs, will give a major psychological boost to more than 1,000 other Lloyd's Names who are also involved in legal action against either their agents or the Lloyd's corporation.

The 987 Names party to the action, including Mr Edward Heath, the former UK prime minister, and Mr Tony Jacklin, the golfer, will recover over 90 per cent of money paid out to date in claims.

The deal was described by Mr Peter Nutting, the leader of the Outhwaite 1982 Names Association, as a "throughly satisfactory outcome to a long and difficult road".

The settlement is subject to ratification by all parties involved but is expected to be approved.

The Names were among 1,614 members of syndicate 317/661 in 1982, which ran up total losses of over £200m as a result of a decision by Mr Richard Outhwaite to underwrite 32 reinsurance contracts. Under the contracts he assumed the exposure of other insurers, most of them Lloyd's syndicates, to US liability business.

Mr Outhwaite's agency, RHM Outhwaite Underwriting, is among the 81 Lloyd's agents named in the suit. Agents handle the affairs of Names and manage syndicates.

In the mid-1980s claims from these reinsurance policies climbed at an unexpectedly rapid rate as a result of court awards to victims of asbestosis in the US, producing devastating losses for Names.

Syndicate 317/661 is continuing to pay claims emerging from the business underwritten by Mr Outhwaite and has been unable to complete its accounts for the 1982 underwriting year.

Future claims are not covered by the settlement, although Mr Nutting says the Names Association is negotiating an arrangement for Names to limit future losses.

No liability had been admitted by either party. In their action the Names alleged that the 81 agents were guilty of negligence and breach of contract.

Hearings, which began in October, lasted for 49 days before Mr Justice Saville adjourned proceedings on February 3. Negotiations between the parties were stepped up last week.

The bulk of the settlement will be financed by the errors and omissions insurers of the 81 agents. These insurers cover agents against legal awards for negligence. Their involvement in effect recirculates the losses among a wider group of Names in the Lloyd's market.

Background, Page 7

UK damps interest rate optimism

By Peter Norman and Emma Tucker in London

THE UK authorities showed no sign of seeking an early reduction in interest rates yesterday in spite of speculation in financial markets about a cut, an admission from the Bank of England that the economy is still stuck in recession and a sharp fall in inflationary pressures last month.

Official figures yesterday showed that core inflation, as measured by the price of manufactured goods at the factory gate, fell from 4.9 per cent in the 12 months to December to 4.5 per cent in January, the lowest level for 3¼ years.

Meanwhile a bleak assessment of the economy, published in the Bank of England's latest quarterly bulletin, singled out falling inflation as one of the few positive developments in recent months.

In spite of the evidence of the continued damping of price pressures in Britain and an admission in the bulletin that there is no sign yet of a UK economic recovery, the Bank made clear it did not want a speedy cut in bank base rates from their current 10.5 per cent level.

The Bank provided the money market with only a small part of its liquidity needs yesterday, thus signalling its belief that recent market enthusiasm for a rate cut has been exaggerated.

In its bulletin, the Bank also drew attention to the difficulties of easing monetary policy so long as tensions exist in the exchange rate mechanism of the European Monetary System, where sterling continues to be the weakest currency.

While factory gate prices rose quite sharply between December and January, the latest figures from the Central Statistical Office confirmed the downward trend which began in the middle of last year. Last month the price index of all manufactured products rose by 0.7 per cent compared with a 0.1 per cent monthly increase in December but the CSO said price increases in January tended to be relatively high as manufacturers introduced new price lists.

Stripping out volatile food, drink and tobacco prices, core inflation fell to a rate not experienced since the 1960s. The annual rate of increase in this specific output price index was 3.1 per cent in the 12 months to January – the lowest since August 1969 – and less than half its recent high of 6.4 per cent in February last year.

Bank of England calculations, which take the monthly variations in the index to produce a three-month moving average, show that output price inflation was running at an annual rate of just over 2 per cent in the latest three months.

Last month the cost of raw materials and fuel used by manufacturing industry rose by a seasonally adjusted 0.2 per cent against the previous month, after a 0.9 per cent drop in December. This left the price index of these materials down by 1.1 per cent on the year.

The fall in producer prices was welcomed by the Treasury, which described yesterday's figures as "excellent news". The government believes the fall should feed into lower underlying retail price inflation in the months to come and provide the platform for higher business investment and a recovery later this year.

However, Mr John Smith, shadow chancellor, said the Bank report showed that all talk of recovery by the government was "competely bogus".

Mr Nigel Richardson, an economist at S.G. Warburg Securities, said the latest figures were extremely good news for the prospects of sustainable inflation in the long term.

Bank bulletin, Page 5

Call for fraud review after trial collapses

Continued from Page 1

the 1980s have come to a climax in recent days, resulting in mixed fortunes for the SFO.

The 10-year jail sentence passed yesterday on Mr Peter Clowes in the Barlow Clowes fraud trial is an undoubted feather in the SFO's cap. But there is likely to be a critical post mortem on its handling of the Blue Arrow case, involving the 1987 rights issue for the employment agency. Verdicts on the remaining five defendants are imminent.

After winning convictions in the first Guinness trial in 1990, the SFO has seen the second trial collapse for reasons beyond its control. It also announced last week it had dropped charges against Mr Seelig and Mr David Mayhew, a partner in Cazenove, the London stockbroker, in a planned third Guinness trial.

Mr Justice Henry told the jury: "The strains on Mr Seelig have been enormous and have proved too much. His mental condition has reached the point where it is no longer possible for him to conduct his defence adequately."

The view of two psychiatrists was that continuation might lead to Mr Seelig "doing something irrevocable".

It is almost inconceivable that Mr Seelig will be required to face another trial at some time in the future. The position of Lord Spens is more moot.

When it began on September 26 the trial had been expected to last about three months but, in large part because of the fact that Mr Seelig was conducting his own defence, it soon became clear the estimate was wildly optimistic.

Mr Seelig began his defence impressively but the strain began to take its toll. On Monday, the judge heard evidence from psychiatrists about Mr Seelig's condition and decided the trial against him could not continue.

Out of prosecutions stemming from the Guinness affair there remains Guinness Four, in which the sole defendant is to be Mr Thomas Ward, a US attorney and former Guinness non-executive director. It is scheduled for September.

Ms Marjorie Mowlam, a Labour trade and industry spokesman, said the trial was "an appalling waste of public money" that could not be continued. "Guinness was a major financial scandal, and for this to be the outcome makes a mockery of dealing with fraud in the City of London."

Mr Kenneth Warren, Conservative chairman of the all-party select committee on trade and industry, described it as "a ridiculously appalling waste of time and money."

● Mr Ernest Saunders, former Guinness chairman, who served 10 months in jail for his part in the Guinness affair, said yesterday that in the light of the second and third trials he would discuss with his lawyers "what steps can be taken to help me establish my innocence".

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	13	56	Belgrade	C	8	46	Cape Town	F	26	79	Edinburgh	S	7	45	Inverness	F	7	[illegible]
Algiers	S	[illegible]	66	Berlin	R	6	43	Caracas	S	27	81	Faro	S	17	63	Islamabad	F	[illegible]	64
Amsterdam	Dr	7	45	Biarritz	C	17	63	Casablanca	F	[illegible]	[illegible]	Florence	R	11	52	Istanbul	S	8	46
Athens	S	15	59	Bombay	S	29	84	Chicago	C	-1	30	Frankfurt	R	5	41	Jakarta	R	32	90
[illegible]	S	[illegible]	59	Bordeaux	F	13	55	Cologne	R	6	43	Geneva	F	7	45	Jersey	Dr	10	50
Bangkok	F	33	91	Boulogne	Dr	9	48	Copenhagen	F	4	39	Gibraltar	S	[illegible]	61	Johannesburg	S	25	77
Barcelona	[illegible]	12	[illegible]	Brussels	R	7	45	Corfu	[illegible]	12	54	Glasgow	F	7	45	Lima	S	27	[illegible]
Beijing	S	1	34	Budapest	F	10	50	Dallas	C	14	57	Helsinki	C	2	36	Lisbon	Fg	9	48
Beirut	C	[illegible]	66	Buenos Aires	F	24	75	Dublin	S	7	45	Hong Kong	R	13	55	London	C	6	43
Belfast	S	6	43	Cairo	F	[illegible]	[illegible]	Dubrovnik		–	–	Innsbruck	S	4	39	Los Angeles	R	15	59

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Luxembourg	R	4	39	Miami	S	15	59	Nice	F	[illegible]	[illegible]	Salzburg	F	8	46	Tenerife	S	20	68
Madeira	S	[illegible]	[illegible]	Milan	F	6	43	Nicosia	S	14	57	San Francisco	C	13	55	Tokyo	S	9	48
Madrid	F	10	50	[illegible]	Sn	-6	21	Oporto	F	14	57	Seoul	S	3	37	Toronto	C	1	34
[illegible]	F	14	[illegible]	Moscow	Sn	-3	27	Oslo	S	3	37	Singapore	F	31	88	Tunis	S	15	59
Malaga	S	15	59	Munich	[illegible]	2	36	Paris	Dr	9	48	Stockholm	F	4	39	Valencia	S	16	61
Malta	S	17	63	Nairobi		–	–	Prague	F	6	43	Strasbourg	R	5	41	[illegible]	S	9	48
Manchester	S	10	50	Naples	F	15	59	Reykjavik	C	-6	21	Sydney	F	25	77	Vienna	F	11	52
Manila	F	33	91	Nassau	C	25	77	Rhodes	S	16	61	Taipei	R	17	63	Warsaw	R	2	36
Melbourne	C	21	70	New Delhi	[illegible]	[illegible]	[illegible]	Rio de Janeiro	F	35	95	Tangier	S	17	63	Washington	F	-1	30
Mexico City	F	22	72	New York	C	0	32	Rome	F	14	57	Tel Aviv	S	12	54	[illegible]	C	5	41

Temperatures at midday yesterday. C—Cloudy Dr—Drizzle F—Fair Fg—Fog H—Hail R—Rain S—Sunny Sl—Sleet Sn—Snow T—Thunder

THE LEX COLUMN

A history lesson from the Bank

Those who believe this recession belongs in the context of a long economic cycle need look no further than the latest Bank of England Quarterly Bulletin. The text is full of historic superlatives. The level of UK house repossessions is without precedent. Last year's nominal growth in UK GDP was the lowest since the early 1960s. The gearing of the UK personal sector is at an historic peak. The present UK recession is as long as any since the war. In the US, capital investment in relation to GDP is the lowest since the 1940s, while interest rates are the lowest since 1964. German interest rates are the highest since the war. French unemployment is at a record and rising.

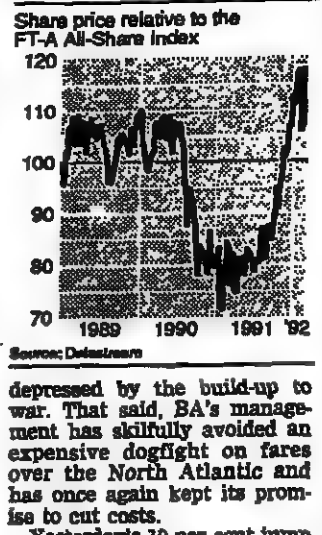
Given all that, it sounds as if the UK market had better be right in expecting an imminent cut in interest rates. Yesterday, three-month money closed below base rate for the first time since November. But electoral pressures apart, it is not quite clear that the UK's inflation performance justifies monetary easing. It was announced yesterday that producer price inflation, though falling, was still at 4.5 per cent in January. The government has just awarded a pay rise to public employees averaging some 6.4 per cent, the same figure which aroused the ire of the Bundesbank when granted to German steel employees last week. The Bank of England, while conceding that progress is being made against inflation, is careful to point out that retail prices of services rose in the UK last year by 10.5 per cent.

Above all, as the Bank repeatedly reminds us, the UK is not alone in being crippled by debt. When combined with a level of real interest rates without precedent at this stage in the cycle, this is the biggest single reason for the persistence of the world economic downturn. Even in this year's second half, the Bank says, UK consumption is likely to be flat in real terms. For those still banking on a consumer-led recovery, the message is simple – don't hold your breath.

FT-SE Index: 2,537.1 (-1.3)

British Airways

Share price relative to the FT-A All-Share Index



Source: Datastream

British Airways

The market was caught on the hop yesterday by BA's five-fold increase in third quarter profits. The company's figures, to be fair, are always difficult to predict, but in retrospect it was perhaps naive to assume that passenger yields would not show much improvement compared with a period depressed by the build-up to war. That said, BA's management has skilfully avoided an expensive dogfight on fares over the North Atlantic and has once again kept its promise to cut costs.

Yesterday's 10 per cent jump in the shares was therefore a well-earned reward. But with American Airlines and United Airlines certain to be back with a vengeance this summer and European liberalisation likely to take a few more faltering steps forward at the end of the year, competition continues to hot up. That is why progress – or the lack of it – in BA's negotiations with KLM is likely to be the most important influence on the share price in the coming months.

The prospects for a successful tie-up at this stage remain as obscure as ever. If noises coming from Amsterdam are to be believed, the principle of a joint company has now been accepted, but the sticking point could yet be price. The market value of BA is three times higher than KLM's, but the Dutch will no doubt be bidding for more than 25 per cent of the joint action. KLM's declared profits, after all, may be subdued, but its recent yield figures were superior to, and its prospective cash flow multiple lower than, BA's. Lord King has a fight on his hands.

Amstrad

Things have come to a pretty pass for Mr Alan Sugar when he finds himself making more money from running a football club than from making computers. On Monday Tottenham Hotspur moved into unexpected profit; yesterday Amstrad turned in its first ever loss. A quick glance at the interim figures confirms that there is little danger of Amstrad going bust. For a start, it has £40m of net cash, so its balance sheet looks robust enough to withstand any write-downs that may be needed to clear unsold stock. But the maintained interim dividend scarcely matters when set against the poverty of the trading outlook.

The central problem remains the long-term decline in the market for personal computers. Price discounting by once up-market competitors has continued to queer Amstrad's pitch at a time when demand for its other products has been affected by the recession. The group is busy restructuring, but the odds seem against it recovering the momentum it enjoyed before the debacle of the PC2386 series of computers two years ago.

The market might appear to disagree with the conclusion that the glory days are over for a company whose pre-tax profits in 1988 were bigger than its present £159m market capitalisation. Amstrad shares rose by 8 per cent yesterday, but the longer-term performance tells a different story. Over the last five years, the shares have lost 85 per cent of their value relative to the market. As the old maxim has it, when they fall that far they never come back.

GPA

Those GPA executives naturally itching to join the millionaires' club would be advised to wait. The public row between the aircraft leasing company and its advisers could always be part of a well rehearsed plot. On the assumption that it is not, investors are now likely to be suspicious of any flotation price much above $22 a share.

There are other good reasons for letting the dust settle. Yesterday's news that net profits jumped 25 per cent in the third quarter is certainly a sign that earnings may be on a new growth path. But what is most striking is the fact that 73 per cent of the total came from securitised aircraft sales, with only 25 per cent from conventional leasing.

Admittedly, GPA's proven placing power is central to the success of both activities, and the two divisions are well integrated. But the market will be more impressed by firm evidence that the more reliable stream of leasing income is recovering, and if GPA holds its fire until after the final results in the summer, there is always a chance that there will be signs of recovery in the world economy.

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday February 12 1992

INSIDE

Goodyear boosted by disposal

Fourth-quarter net earnings from Goodyear, the last surviving US tyremaker, were boosted by a $43.2m extraordinary after-tax gain from the sale of an Alabama tyre cord plant. The company also forecast the sale of more non-tyre assets during 1992. Net profits of $105.1m, *or $1.65 per share, for the fourth quarter of* 1991, were up sharply from the $11.6m or 20 cents a share net profit of the last quarter of 1990. Page 14

Changes at the top of Tarmac

Sir Eric Pountain (left), chairman and chief executive *for more* than a decade of Tarmac, Britain's biggest construction and building materials group, is to give up day-to-day running of the group. Tarmac, which grew dramatically during the growth years of the 1980s, has seen its profits fall in the past two years as a result of recession in the UK housing market and a downturn in US construction markets. Page 20,
Observer, Page 11

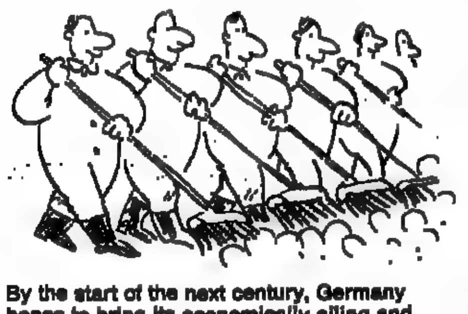
Brazil leads again

Optimism about inflation and hopes that the International Monetary Fund (IMF) would approve a $2.1bn standby facility made Brazil *the best performing emerging market in* January for the second month in a row, according to the World Bank's International Finance Corporation. Page 33

Bumper tea crop but ...

Sri Lankan tea production last year reached a record 240.7m kg, beating the 1990 figure of 233m kg. But the bumper crop was no cause for celebration: sales were down by 2 per cent and prices by more than 20 per cent. Page 24

German clean-up hopes



By the start of the next century, Germany *hopes to bring its economically ailing and* underdeveloped eastern states up to the environmental standards of those in the west. Some experts say it cannot be done. Others are confident that east Germany will become an environmental showcase. The end result is likely to be somewhere between the two. Page 23

Chicago woos institutions

The Chicago Mercantile Exchange this week launches new products aimed at institutional investors. Already home to the Standard & Poor's 500 index future, the most widely traded stock index contract in the world, the exchange will offer an entire spectrum of index-related products. Page 19

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				Greyhound	10	+	1⅛
Rises				Medical Graphic	17	+	13⅞
Colonia Knzn	1090	+	30	**Falls**			
Industrie Werke	310.5	+	5	Corning Glass	29½	–	1
Lahmeyer	820	+	10	**PARIS (FFr)**			
Falls				**Rises**			
Aachen Mch	820	–	25	Bancaire Cie	506	+	24
Holzmann Ph	1150	–	19	Spie Batignolle	318	+	8
Linotype-Hell	366	–	6	**Falls**			
NEW YORK ($)				Fonc Lyonnaise	582	–	42
Rises				Gal Lafayette	1525	–	40
Deere & Co	52⅜	+	1	Gaumont (Soc N)			
First Fidelity	34	+	½		689	–	16
Goodyear	61¾	+	1¼	Paris Rescompt	246.5	–	9.5

New York prices at 12.30pm. Tokyo closed.

LONDON (Pence)							
Rises				**Falls**			
Albrighton	20	+	3	ADT	398	–	22
Amstrad	28	+	2	Aitken Hume	43	–	4
Bluebird Toys	60	+	10	Brit Aerospace	282	–	13
Brit Airways	248	+	23	Christies Intl	154	–	8
Clarke Foods	105	+	9	Clayform	20	–	3½
Comac Group	36	+	4	Dowty	116	–	6
Courtyard Leis	24	+	3	Eurotunnel Uts	436	–	18
Electra Data	513	+	65	Gowan Wood	20	–	3
Gerrard & Nat	263	+	13	Merrydown Wine	353	–	25
Microvitec	25	+	3½	Royal Ins	220	–	12
Secure Trust	382	+	14	UK Land	29	–	3
Sherwood Comp	175	+	23				
Transfer Tech	408	+	28				

Strong results from UK airline strengthen its hand in negotiations on merger with KLM

BA surprises as profits soar to £100m

By **Paul Betts**, Aerospace Correspondent

BRITISH AIRWAYS surprised the City of London yesterday by reporting pre-tax profits of £100m (*$181m) for its third quarter* ended December, compared with £20m the year before.

The results were double City expectations and sent BA shares higher to close at 248p in heavy trading, a gain of 23p on the day.

The sharp profit improvement will strengthen BA's hand in negotiations of a merger with KLM. The Dutch carrier reported last week *a third quarter net loss* of Fl 8.9m against a loss of Fl 218.9m a year earlier.

BA also made a £140m extraor*dinary net gain from the sale last* December of its engine maintenance plant in Wales to General Electric of the US.

Pre-tax profits for the first nine months were 16 per cent lower at £285m, compared with £340m.

BA's strong financial performance in the current recessionary environment contrasts sharply with the heavy losses or *small profits recently reported by* its main international competitors for the latest quarter.

However, Lord King, chairman, said the *airline would have to* continue its cost-saving drive in the face of uncertainty in the airline business. He said BA was positioning itself to take advantage of any economic recovery in its major markets.

The airline also reported a 12.9 per cent increase in passenger traffic last month compared with January 1991 when the industry *was hit by the Gulf crisis. How*ever, when compared with January 1990 the increase was 6.7 per cent.

BA *said last month's traffic* results continued to reflect the economic recession with premium traffic still below January 1990 levels.

Third-quarter operating profits of £111m compared with break-even in the same period last year.

Group turnover rose 6.1 per cent to £1.3bn largely because of *better yields and in spite of a 3.1* per cent fall in total passengers. The airline carried 5.7m passengers in the latest quarter on *scheduled services.*

For the first nine months the operating surplus was 13.5 per cent higher at £319m and turnover was flat at £3.6bn.

The improvement reflected lower costs and the return to profitability after the Middle East conflict last year. Group expenditure in the latest quarter declined by 2.9 per cent to £1.2bn.

The airline cut its staff by 4,600, or 10.9 per cent, during the past 12 months, increasing productivity by 11.4 per cent. However, pay settlements increased staff costs 4.7 per cent to £376m in the latest quarter.

Earnings per share on a fully diluted basis rose 416 per cent in the latest quarter to 9.8p from 1.9p in the same quarter the previous year and were marginally lower at 28p versus 28.3p for the nine-month period.

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BA/TAT deal, Page 20

John Thornhill reports on the UK supermarket group's strategy as it cuts 2,000 jobs

Gateway directors quit after board reorganisation

IT EMERGED yesterday that two directors quit the Gateway grocery chain last week following a reorganisation of the company's main board functions.

Mr Iain Wolsey, marketing director, and Mr Martin Meech, property director, left the company last Friday having agreed a compensation package.

Gateway, which was taken private in 1989 in a highly leveraged buy-out, said it was decentralising management control to three operational boards set up to run each of its trading formats: Gateway, Somerfield and Food Giant.

This had reduced the need for main board functions, it said.

Yesterday, Gateway continued to face protest about its decision to reduce its workforce by the equivalent of about 2,000 full-time employees in response to the recession.

Mr Neil Kinnock, leader of the opposition in the UK parliament, raised the matter with the prime minister in a letter expressing his concern at the state of the economy. "It is evident that when thousands of redundancies are announced in the food retailing sector the recession is not only long but deep too," he wrote.

Gateway said *it had* not yet determined the precise number of redundancies but planned to minimise them by freezing overtime and recruitment as well as asking some full-time workers to accept part-time contracts.

"There will be some redundancies, however neither the date nor the number nor the locations have yet been fixed," Gateway said.

Discussions will continue with Usdaw, the shopworkers' union. *A decision is expected within the* next two to three weeks.

Mr Paul Smiddy, food retailing analyst at Kleinwort Benson, said: "On our figures Gateway lost 8.2 per cent in terms of like-for-like volume sales in the first half of the year and with that level of leakage it cannot keep its cost base static."

Battling against a basket of troubles

Last week, Mr Bob Willett, *chief executive of Gateway* Foodmarkets, the UK supermarket group, addressed a food retailing conference in London. He depicted the Gateway business as valiantly battling its way back into prosperity. He even criticised the "flawed" trading strategy of his bigger rivals, which he said were overpaying for sites in their quest to open new space.

Yesterday, a rather different aura surrounded Gateway as Usdaw, the shopworkers' union, attacked the company's plans to *shake-up its labour force.*

The furore of the job cuts, coupled with last Friday's departure of two directors from Gateway, set the City of London talking about a flare-up of disruption at the company reminiscent of the departure of Mr David Smith and Ms Elizabeth Hignell as directors of the Isosceles parent company last September.

These developments compounded the bad news of the previous month when Gateway said its sales had suffered severely in the recession. The company yesterday admitted *it had* seen no easing of those pressures in the weeks that have followed.

Some City of London observers *have begun to wonder whether* Isosceles, which took Gateway private in a £2.1bn ($3.79bn) debt-heavy deal in 1989, will be able to achieve its declared aim of returning to the market within one to three years.

Any delay would only add to the discomfort of Wasserstein, Perella, the Wall Street leveraged buy-out specialist which owns 40 per cent of Isosceles' equity. The stake accounts for about one-third of the firm's investment portfolio.

Others observers have ques*tioned if Gateway* has a *future* at all or whether it will fall victim to the voracious appetites of its high-spending rivals.

Although such fears are easily exaggerated, Gateway is indeed looking perilously exposed. Its Isosceles parent company is still saddled with £1.3bn of borrowings and has been unable to complete the desperately-needed disposal of Herman's, its US sportswear subsidiary.

Gateway itself is strapped for cash and struggling to make sense of its portfolio of 682 small stores which have been starved of investment for years and which have seen their trading position eroded by competitors opening superstores. "Gateway has got a lot of very vulnerable real estate out there but food retailing is an odd industry. Companies do not go 'phut' overnight and fascias can change," said one analyst.

Mr Willett has undoubtedly done much to shake up the sleepy Gateway culture and he has worked hard to give the company a viable strategy for the future.

In the two years he has headed Gateway, Mr Willett *has ruthlessly cut head-office* costs and swathes of management. He has introduced a range of 900 own-label products and a programme of cultural change. He has recruited about 150 "aggressive" executives in the past 18 months and 100 new store managers since Christmas.

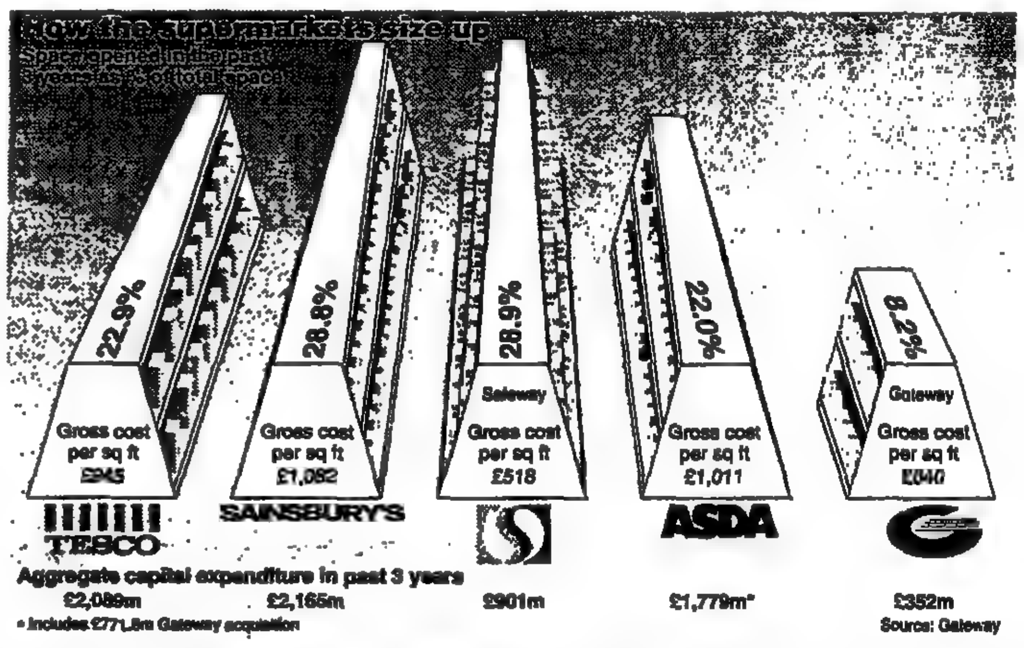
His response to what he sees as a segmenting food retailing market has been to launch two new formats in an attempt to seize market share.

The group has researched a new style of high-quality high street stores – *called Somerfield* – which ideally trade in market towns. Gateway has rolled out 14 of these stores but is accelerating the process: by April 13 more will have been added. By the end of the year the company aims to have 50 stores with 1m sq ft of trading space. The response to these stores has been encouraging with an average basket sale of £16.30 compared with £8.80 at the core Gateway stores.

Gateway has also launched a chain of 15 Food Giant discount *superstores, which sell 10,000* lines including many fresh products. The concept of Food Giant was originally a matter of expedience. Although Gateway sold 61 superstores to Asda for £705m in 1989 it was left with a rump of 14 underperforming superstores which "were an unmitigated disaster", according to Mr Willett. But it is believed that Gateway now has bigger ambitions and has developed plans to open 26 Food Giant stores by April 1994 looking at sites previously owned by *Lowndes Queensway*, the failed furniture retailer.

But in spite of Mr Willett's efforts, there remain doubts about his room for manoeuvre. "Gateway has got a capital budget of £100m a year and that is a severe constraint on the scale of its aspirations," says Mr Tony MacNeary, food retailing analyst at County NatWest.

Last week, Mr Willett said: "The market is polarising and will become very difficult for weak and non-focused retailers." *Many industry observers agree;* but they place Gateway firmly in the category of the weak.



Banque Bruxelles Lambert in cross-border insurance talks

By **Andrew Hill** in Brussels and **Ronald van de Krol** in Amsterdam

BANQUE Bruxelles Lambert, Belgium's second largest bank, is negotiating an agreement with two shareholders on insurance products, which could squeeze out a counter-proposal from Internationale Nederlanden Groep (ING), the Dutch banking and insurance group.

ING, which owns 5.9 per cent of BBL through a Belgian subsidiary, was at the centre of press *speculation last year that it was* poised to launch a paper-and-cash bid for BBL which would have cost the Dutch company the equivalent of more than Fl 3bn ($1.65bn). It declined to comment at the time.

Responding to Belgian press reports yesterday, BBL said talks with two insurance companies – Royale Belge, 47 per cent of which is owned by Union des Assurances de Paris, and Winterthur of Switzerland – were "well-advanced", and could involve "very limited" movements of shares. UAP controls 9.35 per cent of BBL, and Winterthur 4.8 per cent.

But the bank played down the significance of the discussions. "It's quite normal that we should want to sell insurance products and that we should discuss this with shareholders," said a spokesman.

ING countered by saying that its proposal would enable all the various insurers who own a stake in BBL to participate in an insurance partnership, with the exact level of involvement determined by the size of their individual shareholdings. The Royale Belge and Winterthur proposal, by contrast, would exclude all other BBL shareholders, including ING, which is keen to bolster its presence around Europe.

ING also confirmed yesterday that it had informally broached the possibility of arriving at some form of co-operation in banking to BBL last week. But a spokesman denied that these talks centred on ING expanding its stake in BBL.

Mr Jacques Thierry, BBL's chairman, said the bank would probably have time before the next board meeting at the beginning of March to gain enough information on the various propositions being discussed.

According to BBL, the Dutch group has also asked for representation on the board of the bank. ING, which holds its shares through a Belgian vehicle La Patriotique, said it was inadequately represented compared with other shareholders, but declined to elaborate.

Ericsson falls 66% to SKr1.6bn

By **Robert Taylor** in Stockholm

A COMBINATION of weak demand and restructuring charges pushed pre-tax profits for 1991 down by two-thirds to SKr1.6bn ($278m) at Ericsson, the Swedish telecommunication group.

Ericsson said demand will also be "very weak" for telecommunication products during the first half of this year, mainly because of cuts in capital spending by telephone operating companies.

It added that the 1992 profit figure which is "highly dependent upon sensitivity to economic conditions" is also expected to be low.

Orders fell 9 per cent last year to SKr44.7bn while sales were virtually unchanged at SKr45.8bn, against SKr45.7bn in 1990.

Fully diluted earnings per share dropped from SKr14.66 but the dividend was held at SKr3.50.

While orders increased 26 per cent during the fourth quarter to SKr13.83bn compared with SKr10.98bn the year before, pre-tax profit during the same months fell 97 per cent to SKr99m.

However, the final three months showed a significant recovery over the third quarter, which left the company facing a SKr194m loss.

*Mr Lars Ramqvist, chief execu*tive, said the company intended to continue with its investment development plans in spite of the recession and insisted that "*strong development pro*grammes coupled with cost effectiveness are enabling us to maintain and strengthen our international market shares".

Mr Ramqvist said he had no plans to cut back development and technology costs, which totalled more than SKr10bn in 1991.

He said Ericsson aimed to cut costs outside of development by 15 per cent, including job reductions.

He said the company's fortunes could recover in the second half. "When the economy turns, this will result in our returning to a good level of profitability," Mr Ramqvist added.

Part of last year's profit decline is due to the SKr600m being set aside by the company for its continuing restructuring.

Last week it announced that *1,000 jobs* were to go mainly at its Swedish operations where 14,000 are employed. This follows a reduction of 2,000 jobs out of its 70,300 strong worldwide labour force.

Ericsson's full results for 1991 will be published on March 12.

MCC pensioners may have no claim on missing money

By Bronwen Maddox in London

PENSIONERS of Maxwell Communication Corporation, one of the public companies of the late Mr Robert Maxwell, may have no claim on the company to make good money missing from the pension fund, Price Waterhouse, MCC administrator, said last night.

According to legal advice, Price Waterhouse is obliged to prefer the highest bid for an MCC subsidiary over one that offered to repair the pension fund, the accountancy firm said.

Price Waterhouse, which is soliciting bids for at least four MCC subsidiaries, added it had "a duty to Maxwell Communication Corporation's creditors but not to its pensioners".

Law Debenture Trust Corporation, the firm appointed trustee of the MCC pension fund, is attempting to estimate how much of the fund was raided – along with pension funds of some other Maxwell companies – to support the late Mr Robert Maxwell's tottering private companies.

It added that some interested bidders had proposed to compensate employees they considered essential to the businesses for damage to their pensions.

Price Waterhouse is now asking for bids for Nimbus, the compact disc manufacturer, Panini, the Italian sports sticker printer, and Maxwell Business Communications Group, a magazine and exhibition publisher. It has just closed its requests for bids for MacDonald, the UK book publisher.

Some of the pension funds, including Nimbus's, were kept separate and are intact. MacDonald, which had turnover last year of £25m ($45m), owed its parent £33m at the beginning of 1992.

Mr David Lee, the Price Waterhouse partner in charge of the investigation into the disappearance of about £500m of MCC's assets, said last night that he had not yet asked to interview MCC directors and officers, but would do so.

Amstrad slides into the red for first time

By Michiyo Nakamoto in London

AMSTRAD, the UK electronics and computer group, suffered a loss for the first time in its history as it was hit by severe price-cutting among personal computer-makers and recessionary pressures.

The group reported a loss before tax of £15.18m ($27.17m) in the six months to the end of December, against a profit of £40.08m previously.

The interim dividend is held at 0.4p. The results were in line with expectations, and the shares added 2p to 28p in London on the news.

Mr Alan Sugar, chairman who is also chairman of Tottenham Hotspur, the north London football club, said Amstrad's balance sheet was strong and it planned to cut costs.

Overall sales fell 40 per cent to £196.07m, from £325.59m.

Sales declined sharply in the games computer business, where it faced intense competitive pressure from Nintendo, and a sector of the personal computer market.

Amstrad withdrew from games computers, a division which provided 11 per cent of turnover previously, as it was not profitable enough. The move accounted for about 70 per cent of the volume decline in the period.

Sales of IBM compatible personal computers, in particular, were hit by price reductions by IBM.

Mr Sugar stressed the group's commitment to the personal computer market.

Although stocks were high, at about £175m, Amstrad does not expect to have to make significant inventory write-downs this year as it did at the last year-end.

Sales in satellite dish television receiver, word processor and fax machine divisions had been buoyant, Amstrad said.

The group's balance sheet remains strong, with net cash balances of £40m. Loss per share came to 1.9p, against earnings of 4.8p last time.

Net asset per share was, however, nearly twice the share price at 54p, against 59p last time.

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Metallgesellschaft posts 32% fall

By Andrew Fisher in Frankfurt

METALLGESELLSCHAFT, the German metals, mining and engineering company, continues to suffer from low non-ferrous metal prices but hopes that profits will improve in the current year, ending September 1992.

Mr Heinz Schimmelbusch, chief executive, said yesterday that earnings in the first four months of the 1991-1992 fiscal year had been slightly below those for the same period of the previous year.

Two depressants on prices have been smelting over-capacity in western Europe and increased sales from stockpiles in Russia and eastern Europe.

In addition to low metal prices, continuing problems with new smelters and in the motor components industry also held profits back.

Last year, group net income dropped 32 per cent to DM179m ($112m) on turnover 7 per cent higher at DM21.2bn. Metallgesellschaft is holding its dividend at DM10 a share. Earnings per share slumped from DM29.7 to DM10.3, reflecting minority interests

However, the company said cash-flow was expected to increase substantially this year after a drop of 8 per cent to DM657m in 1990-1991.

Included in the results from January 1 this year are the non-paper activities of Feldmühle Nobel, which Metallgesellschaft bought from Stora of Sweden for DM1.45bn. Metallgesellschaft holds 80 per cent, and Deutsche Bank and Dresdner Bank own 10 per cent each.

These activities comprise Buderus (building materials and stainless steel goods), Dynamit Nobel (explosives and plastics) and Cerasiv (ceramics and engineering plastics). Last year, these activities made a pre-tax profit of DM200m.

Heinz Schimmelbusch: improvement expected

One reason that the group feels the bottom has been reached in its downward profits trend is that its new smelters, with advanced operating and anti-pollution technology, are starting to contribute to profits after high start-up costs and some teething troubles.

Also, older smelters operated by rival companies are thought likely to close gradually for environmental reasons.

Among other group activities, Lurgi, the industrial plant subsidiary, booked a 40 per cent rise in new orders in the first quarter. Kolbenschmidt, the motor parts maker, was trying to recover from a profits slump caused partly by the poor state of the US market.

Elkem suffers NKr528m loss

By Karen Fossli in Oslo

ELKEM, the troubled Norwegian metals producer, yesterday reported 1991 pre-tax losses of NKr528m ($104.2m), compared with a loss of NKr659m the previous year. It is passing its dividend for the second year running.

In 1990, group losses included a NKr429m charge for restructuring and write-downs of assets.

Group sales fell by NKr194m to NKr7.814bn, but operating costs were reduced by NKr42m to NKr7.624bn. Operating losses widened to NKr209m from NKr35m in 1990.

However, Elkem said that it had made a NKr179m gain on the sale of a 50 per cent share in Alcoa Nederland but NKr135m had been charged to accounts for restructuring.

Of the total restructuring charge, NKr60m covered 1991 staff reductions of 1,000 to 6,600, while NKr75m was allocated to cover 1992 measures. Elkem added that it expected to reduce staff this year by about 300.

Elkem explained that last year it had experienced increased competition in its main markets, and it warned that current prices in "real terms" for several of its products were at their lowest levels in 20 years. The company suffered from low demand and over-capacity in world markets which depressed prices.

Elkem is evaluating "various" measures to strengthen the its balance sheet and to reduce the amount of capital employed, "including the possible sale of business units that have limited strategic significance".

The company also said that it was seeking to co-ordinate changes in the structure of the ferro-alloys industry with other Norwegian metals producers and to secure long-term access to raw materials for the production of manganese and chrome alloys.

The emphasis, the company said, would "be placed on measures which reduce costs, utilise economies of scale and secure the greatest possible capacity utilisation".

Peugeot buoyed by second half

PEUGEOT, the French car maker which includes Citroën, last year achieved a virtually unchanged group turnover of FFr160.17bn ($29.2bn), compared with FFr159.98bn a year earlier, thanks to a strong recovery in the second half, writes Kevin Done.

The company said yesterday that sales had risen year-on-year by 8.7 per cent in the final quarter to FFr41.99bn. In the first half, group turnover fell by 6.3 per cent.

Kone pre-tax result slips

By John Burton in Stockholm

KONE, the Finnish elevator producer, yesterday reported a 20 per cent fall in pre-tax profits to FM464m ($108.6m) for 1991, while sales increased by nearly FM2bn to FM10bn.

The dividend for 1991 will be the same as in 1990, at FM9 per A share and FM10 per B share. Income after taxes but before allocations decreased by 30 per cent to FM280.7m.

Kone said its elevator business, which accounts for 71 per cent of the company's total sales, had a 14 per cent increase in orders last year.

Demand declined in the main markets of Europe and North America but grew in Asia and Central America. The order book stood at FM6bn at the end of 1991, the same level as a year earlier.

MacGergor-Navire, the marine technology division, was the fastest growing unit, with sales up by 40 per cent.

SAS reclaims Linjeflyg control

By John Burton in Stockholm

SCANDINAVIAN Airlines System (SAS) yesterday bought 51 per cent of Linjeflyg, the Swedish domestic airline, in a move to consolidate its position in the Nordic market.

The deal involved SAS reacquiring a half-share in Linjeflyg that it had sold only 17 months ago to Bilspedition, the Swedish transport company, while gaining another 1 per cent from ABA, the other main shareholder in Linjeflyg and one of the owners of SAS.

Terms were not disclosed, but Bilspedition said it would make an accounting loss of SKr150m ($25.7m) on its share of Linjeflyg, which it had purchased for SKr475m in September 1990.

Although Linjeflyg would remain an separate airline, SAS said it would closely co-operate with it and appoint a project group to rationalise their business activities.

SAS hopes that its takeover of Linjeflyg will increase its market share of domestic flights within Scandinavia from the current level of 57 per cent to at least 70 per cent.

Mr Jan Carlzon, the SAS president, said the airline needed to strengthen its domestic market position in anticipation of the deregulation of European air transport in 1993.

"In contrast with almost all of our European competitors, SAS competes with a number of other local operators in its home market," said Mr Carlzon, who noted that KLM controlled all Dutch air traffic.

Domestic competition between SAS and Linjeflyg would have led to losses for both companies if it continued, Mr Carlzon contended.

The government, which has promised to increase business competition, said it approved the SAS deal, although it was criticised by the country's anti-trust authorities. The government owns half of ABA, which controls 43 per cent of SAS.

SAS sold its half of Linjeflyg in 1990 amid predictions that deregulation of Sweden's air traffic market would reduce the carrier's profits.

At the time, Bilspedition viewed Linjeflyg as a means to expand its air freight services. However, a 25 per cent fall in domestic passenger traffic and rising operating costs made the venture an unprofitable one.

In return for selling its share of Linjeflyg, Bilspedition will acquire the Jet Pact express service for SKr30m. Jet Pact is owned by SAS and Linjeflyg.

French-Italian textiles group formed

A NEW grouping in the speciality textiles business is being formed through a deal between Chargeurs Textiles, a subsidiary of the Chargeurs group of France, and Fincori, a privately-owned Italian textiles group, writes Haig Simonian in Milan.

Under the transaction, Chargeurs is selling Delcer, a leading French producer of knitted textiles for sports and leisure use, to Sgat Italia, a specialist maker of outer wear owned by Fincori. In return, Chargeurs Textiles will take a 35 per cent stake in Sgat Italia.

The acquisition follows Fincori's purchase last December of Sitel, a French company which is the leading manufacturer of textiles for winter sports wear.

Adding Delcer to the grouping will create Europe's leading producer of speciality textiles for sports and leisure wear. The group is expected to have annual sales of around L175bn ($145m) and almost 700 employees.

Terms of the deal, which is being conducted via a rights issue by Sgat Italia, have not been revealed.

Bikuben buys assets of Baltic bank

By Hilary Barnes in Copenhagen

BIKUBEN, Denmark's third largest bank, has acquired the assets of Bornholmerbanken following the latter's declaration of bankruptcy. The bank has re-opened under its new owners.

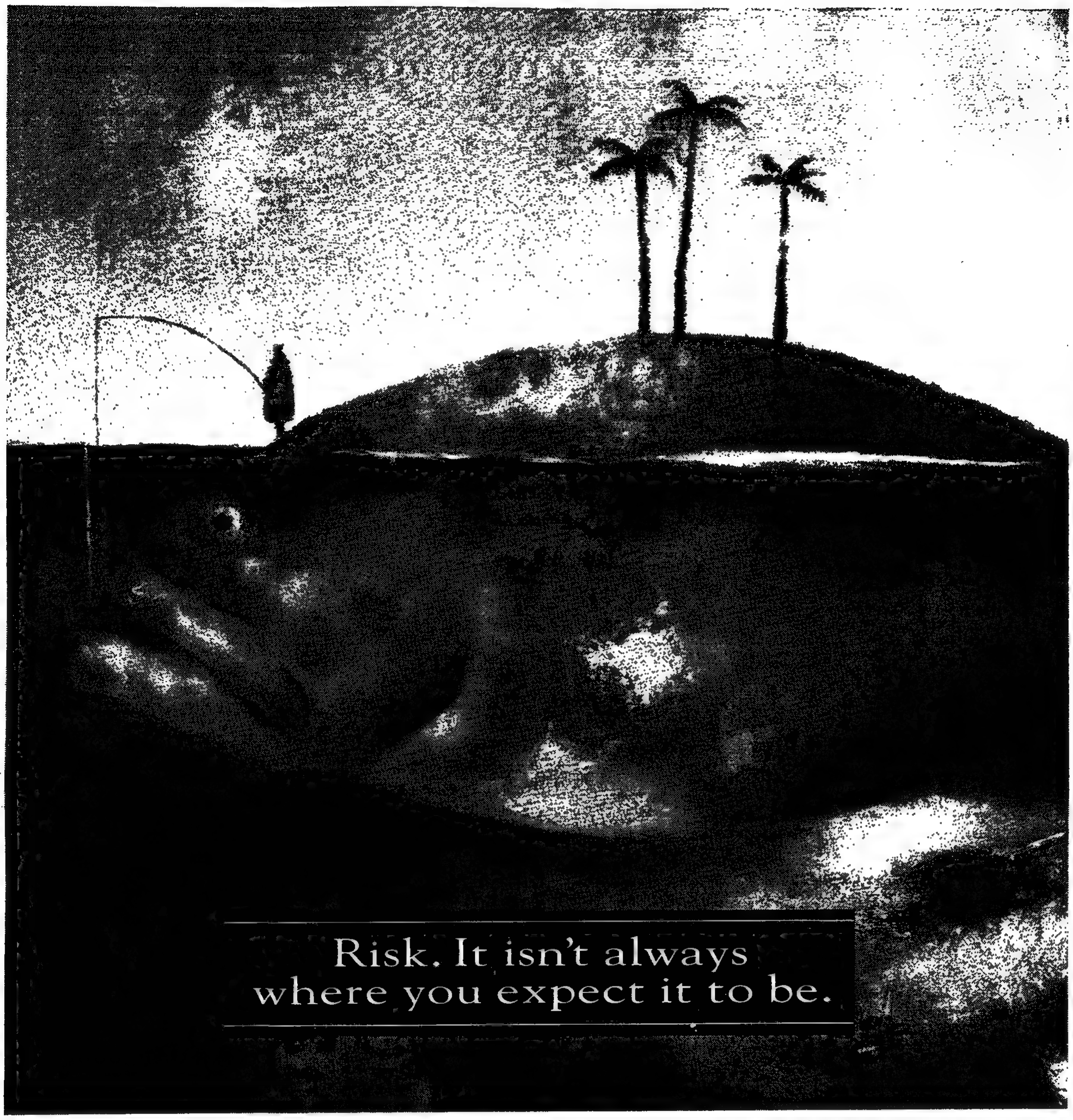
Bornholmerbanken is a local bank for the Baltic island of Bornholm. It was sunk by the crisis in the island's fisheries industry.

Large loss provisions exhausted its equity capital, which on June 30 stood at DKr87m ($14.3m), said Bikuben. It's balance sheet total at the end of 1990 was DKr356m.

● Lannung Bank, a small Copenhagen investment bank which closed last week when it went into receivership, has re-opened after the intervention of a group of wealthy private investors.

The bank was was owned by Accumulator Invest, the investment and property company dominated by Mr Klaus Riskaer Pedersen, the Danish Euro MP.

● Berliner Handels und Frankfurter Bank, the seventh biggest private bank in Germany, has acquired a 40 per cent stake in Czechoslovakia's Zivnostenska banka, Reuter reports.



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Plant sale boosts net at Goodyear

By Alan Friedman in New York

FOURTH-QUARTER net earnings at Goodyear, the last surviving US tyre-maker, were boosted by a $43.2m extraordinary after-tax gain from the sale of an Alabama tyre cord plant. The company also forecast the sale of more non-tyre assets during 1992.

The Ohio-based Goodyear yesterday reported net profits of $105.1m, or $1.65 per share, for the fourth quarter of 1991, up sharply from the $11.6m, or 20 cents of the last quarter of 1990. Fourth-quarter sales of $2.8bn were down slightly on the corresponding period in 1990.

Goodyear's fourth-quarter earnings, which were forecast by the company last month, would have been 97 cents a share without the gain from the Alabama asset disposal. Lower interest expenses also helped the company's net result.

For the whole of 1991, Goodyear managed net earnings of $96.6m, or $1.61, against a loss of $38.3m, or 66 cents, in 1990. The company last month forecast a $96m 1991 net profit. Revenues for 1991 were 3.2 per cent lower at $10.9bn.

Wall Street reacted to the result by marking the shares $1 higher to $61⅛. The share price has benefited in recent weeks from the bull market in equities and from an intensive campaign to tell investors and analysts about Goodyear's recovery prospects. The campaign has been led by Mr Stanley Gault, chairman.

Mr Gault said yesterday he was pleased with the earnings improvement, although he acknowledged that worldwide demand for tyres and other motor vehicle products remained weak.

He said the company's efforts to contain selling, administrative and general costs was yielding positive results. Goodyear was also helped by lower raw material costs and savings from its restructuring programme.

Mr Gault said that during 1991 Goodyear's debt was reduced by $1bn, to $2.6bn. This was due to the Alabama asset sale and to the sale of $582m of Goodyear stock. He said debt and interest costs would decline in 1992 as a result of further non-tyre asset sales.

For all of 1991, Goodyear's tyre division had operating income of $620.8m, compared with $463.4m in 1990. Revenues in the division were 2.8 per cent lower at $9bn. Revenues in the general products division were down by 5.4 per cent.

Asset sale lifts Sydney mine group out of red

By Bruce Jacques in Sydney

PANCONTINENTAL Mining, the Sydney-based metals company, has staged a big earnings turnround in the first half to December, following the sale last year of its stalled Jabiluka uranium prospect in the Northern Territory.

The company turned an A$61.75m (US$62.5m) net loss into a A$57.88m profit on a 17 per cent rise in revenue to A$101.6m.

The turnround came from an abnormal gain of A$67.9m on the sale of Jabiluka to Energy Resources of Australia, which operates the nearby Ranger uranium mine.

Mr Lindsay MacAlister, managing director, said the group had offset reduced earnings from mining operations by cost-cutting and a big fall in interest payments. Net debt fell A$48m to A$173m in the period.

Mr MacAlister said the company had signed a new five-year US$107.8m loan facility in December, replacing existing facilities. Dividend has again been passed.

Pancontinental shares have risen strongly in recent months, and yesterday gained 5 cents to 66 cents on the Australian Stock Exchange.

Implant dispute prompts shake-up at Dow Corning

By Karen Zagor in New York

THE magnitude of the silicone breast implant controversy has been reflected in a management shake-up at Dow Corning, the biggest maker of the devices, which has appointed a new chairman and chief executive to help cope with growing concerns about the product.

Mr Keith McKennon, a former executive at Dow Chemical, has been named Dow Corning's chairman and chief executive.

He replaces Mr Lawrance Reed as chief executive and Mr John Ludington, as chairman. Mr Ludington will retire, but will remain a director of the company. Mr Reed was named chief operating operator and will retain his role of president of the company.

Mr Ludington said the changes came after the board decided "the company must focus top executive attention to both the complex issues related to silicone beast implants as well as the ongoing operations of the company."

Dow Corning is a 50-50 joint venture between Dow Chemical and Corning.

The move comes one week ahead of a Food & Drug Administration (FDA) advisory panel meeting to decide if silicone implants are safe enough to remain on the market.

There has been a moratorium on the devices since January.

Mr Robert Rylee, head of Dow Corning Wright's health care businesses, said the company was committed to continue "the research on the safety of the materials used in implants and report the results to the FDA and the public," regardless of the FDA panel's decision.

The recognition of the importance of the implant issue is a significant change in stance for Dow Corning. When the FDA advisory panel ruled in November that the implants had not been proved safe, the company said it strongly disagreed with the decision. Dow Corning later became an outspoken critic of what it termed "baseless innuendo and anecdotal claims" made by critics of breast implants which the company said overlooked scientific data.

Although the implants contribute less than 1 per cent to Dow Corning's $2bn annual sales, the controversy has taken its toll on Dow and Corning's shares amid growing concern that the company will be swamped with law suits. Dow's shares fell $1¼ yesterday to $56¼ yesterday, while Corning's dropped $⅞ to $29⅞.

Mitsui to invest in US film group

MITSUI, the Japanese trading company, has joined forces with a group of investors, including a fund controlled by the Pritzker family of Chicago, to invest an initial $100m in Savoy Pictures, a new film distribution company, writes Alan Friedman in New York.

Among the investors and managers of Savoy Pictures will be Mr Victor Kaufman, former chief executive of Columbia Pictures, and Mr Lewis Korman, former chief operating officer of Columbia. Both left Columbia after it was acquired in 1989 by Sony of Japan.

Savoy is Mitsui's first investment in the US film industry, but the Japanese company is a minority investor.

The largest single equity stake is held by GKH, an investment fund controlled by Mr Jay Pritzker.

Also investing in Savoy is Allen & Company, the investment boutique, and Mr Andy Vajna, one of the founders of Carolco Pictures, the independent film company.

UAL scales back aircraft order

By Nikki Tait

UNITED Airlines, one of the three largest US carriers, plans to take delivery of only 156 new aircraft between 1992 and 1995, compared with the 278 it had on order or option.

The cost of the scaled-back deliveries will amount to $12.3bn, compared with $18.9bn had the full order been purchased.

Boeing, the Seattle-based aerospace manufacturer, will bear the brunt of the cutbacks. United said "the focus of the change" would involve a reduction of 44 Boeing 737s and 60 Boeing 757s.

Boeing's response was to point out that no firm orders, nor any options, had actually been cancelled by United; rather that delivery dates had been delayed until after 1995.

It said that while the "rescheduling" had affected some Boeing 737s on firm order, in general United's reduced fleet purchases between 1992 and 1995 affected aircraft which had only been under option.

Boeing said the effect of the reductions had been anticipated when it announced plans to cut the production rate of its 737 aircraft from 21 a month to 14, beginning in October 1992.

United, for its part, stressed that it intended to take the full 1992 complement of 66 aircraft – a mixture of Boeing 747s, 757s, 767s and 737s.

After reporting its largest-ever quarterly loss of $252.6m, United last month warned of capital spending cuts of at least $2bn, blaming the sluggish economic outlook.

Its rescheduling of aircraft deliveries follows similar moves by American Airlines, which decided last year to defer some options, allow others to lapse, and extend delivery dates for some aircraft on firm order.

Cincinnati Milacron returns to black

By Karen Zagor

CINCINNATI Milacron, one of the world's biggest machine tool makers, returned to the black in the fourth quarter, despite declining sales, after three unprofitable quarters in 1991.

Mr Daniel Mayer, chairman, predicted that 1992 would be profitable, thanks to lower costs, new products and a sizeable backlog, although he expected a slow first quarter.

For the fourth quarter, ended December 28, the company had net income of $4m, or 15 cents a share, compared with a loss of $31.1m, or $1.15 a year earlier. The 1990 figures were muddied by special charges which cost the company about $1.13 a share. Sales fell 6 per cent to $201.9m from $214.7m.

For 1991, Cincinnati Milacron recorded a net loss of $100.2m, or $3.67 a share, including one-time charges of $90m, against a net loss of $24.3m, or 95 cents, in 1990.

Impala Platinum Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration No: 57/01979/06)

Interim profit statement and declaration of interim dividend

Consolidated Income Statement	6 months to 31 Dec 1991 (Unaudited) Rm	6 months to 31 Dec 1990 *(Restated) (Unaudited) Rm	Year to 30 June 1991 (Audited) Rm
Turnover	1,080.3	1,103.5	2,269.2
Cost of sales	824.1	697.0	1,411.9
On-mine operations	643.8	576.0	1,181.8
Refining operations	118.9	95.2	200.5
Selling and other costs	47.9	42.9	70.3
Change in stock	13.8	(17.1)	(40.7)
Profit on metal sales	256.2	406.5	857.3
Capital expenditure on current capacity	38.1	48.7	95.2
Income from platinum mining activities	218.1	358.8	762.1
Income from other activities	4.5	7.9	13.6
Net interest received	25.9	23.5	67.6
Income before taxation	248.5	388.2	843.3
Lease, royalties and tax	45.5	211.2	357.5
Effect of expenditure on future capacity	106.0	51.1	199.1
Income after taxation	97.0	125.9	286.7
Share of net income from associates	29.8	26.4	30.0
Outside shareholders' interest	(2.1)	(4.3)	(4.9)
Attributable income	124.7	148.0	311.8
Extraordinary item	0.0	(0.7)	130.2
Appropriation for future capex	67.0	25.8	97.1
Transfer to non-distributable reserves	15.6	6.0	10.5
Distributable income	42.1	116.9	74.0
Dividends declared	34.2	48.9	168.2
Retained income	7.9	68.0	(94.2)
Shares in issue (millions)	62.2	61.2	61.3
Earnings per share (cents)	200	242	509
Dividend per share (cents)	55	80	275
Platinum production (000 ozs)	382	528	1,067
Cost per ounce platinum produced (R)	1,996	1,271	1,295
Capital expenditure by Impala (Rm)	211	127	381
Cash, net of all borrowings (Rm)	(80.6)	95.9	78.9

*Restated to take account of the change in the accounting policy for capital expenditure.

Consolidated Balance Sheet	31 Dec 1991 (Unaudited)	31 Dec 1990 (Restated) (Unaudited)	30 June 1991 (Audited)
Ordinary shareholders' interest	2,271.8	1,817.9	2,075.3
Outside shareholders' interest	84.6	84.5	83.6
Long-term liabilities	51.3	50.4	51.6
Deferred tax	36.9	37.0	35.9
Capital employed	2,444.6	1,989.8	2,245.4
Fixed assets	1,949.7	1,481.6	1,725.0
Investments	588.1	437.0	505.0
Net current assets/(liabilities)	(93.2)	71.2	15.4
Assets employed	2,444.6	1,989.8	2,246.4

Declaration of interim dividend

An interim dividend of 55 cents per share in respect of the half-year ended 31 December 1991 has been declared payable to members registered in the books of the company on 28 February 1992. The register of members will be closed from 2 to 13 March 1992, inclusive. The dividend is declared in the currency of the Republic of South Africa. Payments from the London transfer office will be made net of Non-Resident Shareholders' Tax in United Kingdom currency at the rate of exchange ruling on 16 March 1992 or on the first day thereafter on which a rate of exchange is available.

Dividend warrants will be posted on 26 March 1992.

The full conditions of payment may be inspected at the offices of the transfer secretaries of the company.

By order of the board
H.J. Gaylard, *Group Secretary*

10 February 1992

Notes:

1. The six month period ended 31 December 1991 proved to be particularly difficult for the Implats group, and income from platinum mining operations fell by 39% to R218.1 million. The bottom line effect of these lower operating profits was cushioned by a materially reduced liability to lease, royalties and taxation, and by a 13% increase in the income from associates. The net effect was that attributable income fell by 16% to R124.7 million.
2. The widely publicised industrial unrest at the operations in Bophuthatswana seriously affected production, so that the platinum recoverable from mining activities in the half-year was about 100,000 ounces lower than planned. The labour situation has improved over the past month or two, and productivity is gradually improving. However, even in the absence of further disruptions, the metal shortfall is likely to increase over the balance of the financial year as it will take time to restore normal production levels and efficiencies. In December, the National Union of Mineworkers applied under Chapter V of the Industrial Conciliation Act to legalise its position in Bophuthatswana. This development might provide the breakthrough to a more stable labour situation.
3. The metal shortfall from the mines was compounded by difficulties at the refineries, where capital programs are underway to improve recoveries and shorten the period during which metal is in process. The associated construction and commissioning work caused the amount of platinum in process to increase by some 50,000 ounces over the period, so that the output of refined platinum was only 382,000 ounces, compared to 528,000 ounces in the corresponding period of the previous financial year. The other in-process metals were not affected. Much of the "lock-up" of platinum should be released over the balance of the financial year.
   In the face of these production difficulties, the cost per ounce of platinum refined rose by 57%. This figure will be ameliorated as the platinum lock-up is reduced, but is still likely to remain well above the inflation rate over the full financial year.
4. Sales of platinum from Impala's production fell to 443,000 ounces for the half-year, compared to 544,000 ounces in the corresponding period of the previous year. The average price achieved was $376 per ounce, compared to $448 per ounce previously. In order to meet contractual commitments to customers, some 70,000 ounces of platinum were sourced from the markets, and a modest profit was earned on these transactions.
   Rhodium sales increased by 3,000 ounces to 36,000 ounces, thanks to a higher refined output from process improvements. The rhodium price achieved in the half-year rose by nearly 40% to $3,937 per ounce.
   Overall, revenue from sales of metal, at R1,080.3 million was marginally less than that achieved in the corresponding period of the previous year.
5. Some two years ago, the Group embarked upon a capital program to increase production to a level of 1.35 million ounces during the 1995 financial year. Of this, 1.29 million ounces were to be sourced from the current lease area and the Deeps, and 60,000 ounces from the Messina prospect. The program at Messina has been put on hold in the face of the depressed market conditions prevailing (as indeed was the program to produce 130,000 ounces per annum at the Barplats Crocodile River mine). The remainder of the capital program to reach the targeted production of 1.29 million ounces of platinum, continues, though every effort is being made to improve cash flows by deferring expenditures that are not on the critical path, particularly at the No. 15 shaft which will access the Deeps. Capital expenditure at Impala for the six months amounted to R211 million (R127 million to December 1990) and should total a little less than R400 million for the full financial year.
6. The results for the second half of the financial year will depend materially on the labour situation at the mines, and on the recovery of the platinum lock-up in the refineries. Notwithstanding the recent improvement in the market prices of platinum and rhodium, second half earnings will be lower than those reported herein.
7. In the light of these circumstances, the Board has decided to reduce the interim dividend to 55 cents per share, compared to 80 cents per share for the first half of 1991.

On behalf of the board
B.P. Gilbertson, *Chairman*
J.M. McMahon, *Managing Director*

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Growth rate slows at Thai banks

COMBINED net profits of the 15 Thai commercial banks rose to Bt19.46bn ($807.5m) in 1991, up 25.4 per cent from Bt15.52bn a year ago, according to Bangkok Bank, Reuter reports from Bangkok.

Bangkok Bank said the slower rate of earnings growth, compared with 1990 when profits soared 35.4 per cent, may be due to an economic slowdown, wide interest rate fluctuations, and higher operating expenses and staff salaries.

Bangkok Bank said its 1991 record profit of Bt7.3bn accounted for 37.3 per cent of total net after-tax earnings of all Thai banks.

Bangkok Bank was followed by the Thai Farmers Bank with Bt3.4bn, or a 17.5 per cent share, and the Siam Commercial Bank at Bt2.7bn, a 13.8 per cent share.

Bangkok Bank's 54.7 per cent earnings growth was the highest among Thai banks, while three medium-sized and small banks posted annual profits between 3.3 per cent and 32.3 per cent lower than a year ago.

Total Thai bank lending rose a combined 21.8 per cent in 1991, to an outstanding Bt1,797.4bn at the end of December. Bangkok Bank's credits accounted for 27.7 per cent of overall bank loans, followed by Krung Thai Bank at 14.5 per cent, Thai Farmers at 13.4 per cent, and Siam Commercial at 10 per cent.

Riyad Bank flotation heavily oversubscribed

A SHARE offering by Riyad Bank, representing the biggest flotation in Saudi history, was oversubscribed by more than three times, Reuter reports from Manama.

Sheikh Ahmed Abdul-Latif, managing director, said 689,000 Saudi investors had applied for shares worth SR12.6bn ($3.36bn). The bank, the second biggest in the kingdom in terms of assets, offered 8m shares worth SR3.8bn to the Saudi public last month.

Shares were priced at SR475 each, compared with trading levels of about SR790.

Established in 1957, Riyad Bank has assets of about SR44bn. It posted a net profit of SR348m in 1990.

Sheikh Ahmed said share trading on Saudi Arabia's unofficial stock market would continue to boom because of high liquidity and a lack of other investment opportunities.

Compaq product range expected to broaden

By Louise Kehoe in San Francisco

COMPAQ COMPUTER, struggling in a personal computer price war, is believed to be planning to diversify its product line to include a broader range of computers and printers.

Mr Eckhard Pfeiffer, Compaq president and chief executive who is visiting Europe this week, said that the US company was formulating its strategy for the 1990s.

"I don't consider a PC-only strategy as . . . the most promising long-term corporate business strategy," he said.

Compaq is developing a new line of computer products based upon the reduced instruction set computing (Risc) technology used primarily in computer workstations from companies such as Sun Microsystems and Hewlett-Packard.

Compaq said it would bring out a new range of low cost personal computers this year to compete with lower priced clones.

Industry executives in the US say Compaq is hiring engineers to form a laser printer division and that the personal computer company aims to launch new printer products later this year.

That would place Compaq in direct competition with Hewlett-Packard, the laser printer market leader. Compaq declined to comment.

After nine years of rapid growth, Compaq recently reported its first decline in year end sales and earnings. Revenues for 1991 fell 9 per cent to $3.3bn and profits dropped 71 per cent to $131m.

Compaq cut its prices aggressively last year, but competitors have recently made even deeper price cuts.

IBM acts to boost sales

By Louise Kehoe

INTERNATIONAL Business Machines said it would make new mainframe computer models available several months ahead of its planned schedule in a move to boost sales.

"The new mid and low-range models, which were announced last year, extend IBM's latest ES/9000 range of computers.

IBM executives said delivery dates had been advanced because improvements in manufacturing processes enabled the company to move more quickly.

Demand for IBM's most powerful mainframe computers has not declined, despite economic trends, company executives said.

Competitors say, however, that IBM has been offering steep discounts to customers in order to boost sales.

Four new mid-range models are available now, IBM said, and a fifth would be available at the end of June. Upgrades for older IBM models will also be available sooner than expected. IBM also announced two new low-end mainframes.

Go-ahead for Daewoo venture

DAEWOO, the South Korean conglomerate, has been given the go-ahead to set up joint ventures in North Korea, Reuter reports from Seoul. It is the first time the South Korean Unification Ministry has approved a request from a conglomerate to do so.

The ministry said: "Daewoo has been given the approval to do joint ventures with the north. But they have yet to receive approval on what kind of joint ventures they will be doing with the north."

It said Daewoo would be required to submit details of its plans and of each proposed joint venture. "This is just permission for the company to go ahead with their plans for joint ventures. Daewoo would need approval again after plans for specific kind of joint projects are submitted."

Mr Kim Woo-choong, Daewoo chairman, discussed joint ventures in Pyongyang during his recent visit to North Korea.

Stelco and Dofasco slip into loss

By Bernard Simon in Toronto

CANADA'S two biggest steelmakers, Dofasco and Stelco, suffered a combined loss of more than C$160m (US$136.7m) in 1991, exacerbated by a sharp deterioration in business conditions towards the end of the year.

Dofasco's loss was C$25m, or 73 cents a share, compared with a loss after writedowns of C$679.2m, or C$10.64 a share, in 1990.

The bulk of the 1990 loss came from the write-off of the company's C$713m investment in Algoma Steel. Revenues dipped to C$2.06bn from C$2.36bn.

Stelco suffered a net loss of C$136m, or C$3.05 a share, against the 1990 loss of C$197m, or C$5.96 a share. Revenues edged down to C$2bn from C$2.09bn.

Dofasco's fourth-quarter loss was C$1.5m, including an operating loss of C$24.4m.

Stelco said that an improvement in its financial performance in the first nine months of last year came to an "abrupt" halt, which left it C$38m in the red in the final three months.

It blamed the fourth-quarter setback on a sharp price decline caused by the need to find new markets for higher-value products originally earmarked for the automotive industry.

Dofasco estimated that demand for flat rolled steel dropped by 10 per cent last year, and 24 per cent below the peak volumes of 1988. Its total steel shipments dipped by 6 per cent in the fourth quarter to 873,000 tons.

Both companies expressed cautious hopes for an improvement in 1992. But Stelco noted that, for the time being, "steel prices show no sign of firming, let alone embarking on any upward trend.

● CAMPEAU, the property company, has become Camdev Corp, shorn of its former US retail units and most of its Canadian and US commercial buildings, writes Robert Gibbens. The Ontario courts approved the last steps in the restructuring of Campeau into Camdev, 60 per cent controlled by the Reichmann family.

Horsham earnings advance to $61m

By Bernard Simon

HORSHAM Corp, the gold, petroleum and real estate holding company controlled by Canadian entrepreneur Mr Peter Munk, lifted net earnings to US$61.4m, or 68 cents a share, last year, from $58.2m, or 66 cents a share, a year earlier.

The increase was due to a 53 per cent jump in the contribution of American Barrick, the gold producer in which Horsham has a 20 per cent stake.

Barrick contributed $18.4m in earnings as well as a fourth-quarter dilution gain of $15.5m stemming from a public issue of shares at a price above Horsham's carrying value. A similar dilution gain of $17.6m was posted during 1990.

Horsham also has a 60 per cent stake in Clark Oil & Refining, a St Louis-based petroleum refiner and distributor. Clark contributed $23m to Horsham last year, down from $27.7m in 1990.

The fall was due to a maintenance programme at one refinery as well as slimmer retail margins.

Horsham bought 195 hectares of undeveloped land on the outskirts of Berlin last September, which it plans to develop into a commercial and shopping centre.

A company official said yesterday that the project was still in the planning stage, but that the aim was to start construction by the end of the year. The spokesman added that Horsham was also looking at other properties in the Berlin area.

● *DONOHUE*, the Quebec newsprint producer, had a final fourth-quarter loss of C$38.5m, or C$1.20 a share, including special charges, compared with a profit of C$7.9m, or 24 cents a share, a year earlier, writes Robert Gibbens in Montreal.

Sales fell to C$110m from C$155m last time because of lower pulp and newsprint shipments and weak prices.

For all 1991, Donohue's loss was C$58m, or C$1.82 a share, against a profit of C$29.1m, or 89 cents a share, a year earlier, on sales of C$470m against C$611m.

Increased liquidity helps Stanbic advance 23%

By Philip Gawith in Johannesburg

A WIDENING interest margin helped Standard Bank Investment Corp (Stanbic), South Africa's second largest banking group, increase attributable earnings by 23.8 per cent to R510.7m ($183.7m) in the year to December.

The results were heavily influenced by difficult economic conditions and tight monetary policy maintained by the Reserve Bank.

To the bank's advantage, weak demand for credit increased liquidity, and hence lowered the bank's cost of funds and raised its interest margin. However, the bank had to increase its specific provision for bad debts by 86 per cent to R329.4m.

Net interest income rose by 31 per cent to R2.03bn, while other operating income was 21 per cent higher at R1.28bn. Operating expenses were 26 per cent higher at R2.52bn, and operating profit was up 23 per cent to R794.2m. Attributable earnings were up less because of lower income from associated companies.

Although total assets grew by only 10.7 per cent to R50.4bn, Mr Eddie Theron, managing director, said loans and advances had actually increased by 16 per cent. He said this was a "very satisfactory" performance, given the weak corporate demand and lack of big projects.

Another notable figure was the increase in the return on assets, to 1.04 per cent from 0.88 per cent.

Mr Theron said the ratio of bad debts to advances, of 0.75 per cent, was similar to that of the difficult years of 1985 and 1986. He noted, however, that while then many large companies got into serious difficulties, this time around the bulk of bad debts was being incurred by personal customers, small businesses and farmers.

Earnings per share rose by 20.1 per cent to 507 cents, and the dividend was lifted by 20.3 per cent to 160 cents per share.

Domestically, Mr Theron said the bank had maintained market share in all its main divisions. Internationally, it had applied for a banking licence in the UK, and was expanding into Africa in a "measured" fashion.

Although the group had not seen any signs of a pick-up in business, it was still budgeting for improved earnings in the current year, he said.

Honeywell v. Minolta: Lessons To Be Learned

On February 7, a federal court in New Jersey found that Minolta Camera Co. infringed Honeywell patents. These patented Honeywell inventions were used since 1984 to create the heart of Minolta's autofocus and automatic lens shutter cameras. Through this technology, Minolta's camera sales grew to $1 billion a year, with no thanks or royalties to Honeywell. The jury rectified that injustice, awarding Honeywell $96 million for the technology Minolta misappropriated.

After six years of litigation, the win is satisfying, morally and financially. The jury verdict demonstrates American jurisprudence at its finest. But timely resolution of intellectual property cases must be addressed for this country to remain competitive.

According to International Trade Commission estimates, American companies lose $40 billion to $50 billion annually—or 30 percent to 50 percent of our trade deficit—because their technology is misappropriated by foreign manufacturers. Losses on a worldwide scale would be even more staggering.

This is not the problem of one company or one country. It is a global issue that affects any corporation whose life-blood is intellectual property, or any country whose strength—and competitive advantage—is technology. A global marketplace requires strong multilateral rules that can be uniformly applied and enforced. These include:

- Common standards for protecting all types of intellectual property—patents, trademarks, copyrights and trade secrets
- A compatible international patent system
- Mechanisms for a timely resolution of disputes
- Rigorous enforcement rules—including border controls—against infringing goods

When intellectual property is not protected, free trade is hurt, future research and development is jeopardized, countries lose their competitive advantages, and people lose jobs.

That is why we at Honeywell believe there are lessons to be learned from our experience. We hope that world leaders will resolve to end this universal folly: countries and companies fighting trade battles on their own, without benefit of international law.

It is ironic that today, when political understanding among nations is greater than it has been for centuries, we have yet to formulate rules that protect companies from trade piracy. In a world in which the global marketplace is a reality for even the smallest firms, we still have no mechanism to ensure fair trade, such as a workable General Agreement on Trade and Tariffs (GATT) agreement on intellectual property.

We must do better than this. All nations must work together to protect intellectual property. Until we achieve this goal, we all will continue to pay an enormous price in time, money and brain power diverted to counter-productive trade battles. We must end this waste. Our ability to compete depends on it.

Honeywell

Helping You Control Your World

INTERNATIONAL CAPITAL MARKETS

Lack of regulator stalls DTB expansion

By David Waller in Frankfurt

PLANS by the Deutsche Terminbörse (DTB) to expand outside Germany are being hampered by the country's lack of a central regulator for the securities industry, said Mr Jörg Franke, chief executive of Germany's screen-based futures and options market, in an interview with the Financial Times.

Over the past two months, the DTB has held preliminary negotiations with regulators in France and the UK with a view to establishing terminals in Paris and London.

The UK's Securities & Investments Board has raised no objections to the way in which the DTB is regulated by the Finance Ministry in the state of Hesse, where it is based. However, the Commission des Opérations de Bourse, the French stock market regulator, has said that it will only recognise the DTB if it is overseen by a federal authority.

DTB's impasse comes less than three weeks after Mr Theo Waigel, Germany's federal finance minister, introduced a package of measures designed to increase Germany's attractions as a financial centre.

The decision to let DTB's 72 members have screens overseas is part of an intensifying struggle with the Liffe in London and Matif in Paris to dominate Europe's futures and options markets.

Central to the package was an unambiguous proposal that the current regulatory system, which leaves each of Germany's 16 Länder responsible for supervising securities markets in its own territory, should be replaced with a centralised supervisory body.

Mr Franke said he was in favour of the Waigel plan but did not want to wait for it to be put into effect. The process of establishing a structure which will balance the interests of the Länder with the centre will be time-consuming and the DTB is hoping that the Bonn Finance Ministry will take on the job of negotiating with the French authorities.

The decision to let DTB's 72 members have screens overseas is part of an intensifying struggle with the London International Financial Futures Market (Liffe) and Matif in Paris to dominate Europe's futures and options markets.

As part of its battle, the DTB is also considering introducing further products to enhance its share of the market. In the pipeline are a future on a three-month interest rate, a future or option on a European equity index, and an Ecu-bond future.

The most vigorous competition between the two-year-old DTB and London has been over the bund futures contract, a market traditionally dominated by Liffe. The DTB's market share rose from 6 per cent early last year to over 20 per cent in October and 30 per cent in each of the past three months, reflecting a concerted effort of the DTB and its members to concentrate bund futures business in Germany rather than London.

Mr Franke said that, following a meeting of DTB designated market-makers in November, the big German banks had chosen to support the DTB in a "whole-hearted" rather than a half-hearted way. "This has had an important psychological effect on the whole market," said Mr Franke.

The surge in business has prompted accusations of unfair tactics, such as the setting of minimum trading levels by some members.

UOB sets up venture arm

SINGAPORE's United Overseas Bank (UOB) has set up a venture capital company to invest in expanding companies in Singapore and the Asia Pacific region, Reuter reports.

The company, UOB Venture Investments, with an authorised capital of S$1m (US$617m), said it would seek to achieve medium to long-term capital appreciation through investments in emerging growth companies in the region.

Singapore's venture capital funds totalled S$2.07bn at the end of November, up from S$1.25bn at the end of 1990, the state Economic Development Board said in December.

Treasuries ease as hopes of interest rate cut recede

By Patrick Harverson in New York and Sara Webb in London

SHORT-DATED Treasury prices fell sharply yesterday morning after comments from Mr Alan Greenspan, chairman of the Federal Reserve, dampened hopes of another interest rate cut.

By midday, the benchmark 30-year government bond was down $\frac{1}{16}$ at 102$\frac{9}{16}$, yielding 7.792 per cent. The two-year note was markedly weaker at mid-session, down $\frac{3}{16}$ at 99¾, yielding 4.992 per cent.

Already unnerved by this week's planned auction of $36bn in new government securities, market sentiment took another knock yesterday morning when Mr Greenspan, addressing a conference of the Independent Bankers Association of America, said that the 1 percentage point cut in the discount rate in December should prove enough "to turn the economy on to the path of sustained recovery".

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	99.1357	-0.320	10.13	10.27	9.70
BELGIUM		9.000	09/01	102.2000	+0.100	8.64	8.68	8.57
CANADA *		8.500	04/02	101.2500	-0.250	8.31	8.42	8.00
DENMARK		9.000	11/00	102.8700	+0.120	8.51	8.65	8.46
FRANCE	BTAN	8.500	03/97	99.1351	+0.001	8.70	8.67	8.73
	OAT	8.500	11/02	100.2700	+0.130	8.45	8.44	8.41
GERMANY		8.000	01/02	100.9300	+0.120	7.86	7.92	7.92
ITALY		12.000	02/02	[illegible]	+0.100	12.26	12.27	0.00
JAPAN	No 119	4.800	06/99	94.8900	-	5.79	5.78	5.66
	No 129	6.400	03/00	105.2232	-0.060	5.47	5.46	5.33
NETHERLANDS		8.250	02/02	99.6900	-	8.30	8.30	[illegible]
SPAIN		11.300	01/02	102.8700	+0.270	10.80	10.86	11.09
UK GILTS		10.000	11/95	102-05	+1/32	9.41	9.58	9.78
		9.750	08/02	102-27	+1/32	9.32	9.39	9.52
		9.000	10/08	96-25	+1/32	9.14	9.14	9.32
US TREASURY *		7.500	11/01	101-28	-2/32	7.23	7.32	6.89
		8.000	11/21	102-10	-2/32	7.80	7.78	7.47

London closing, *denotes New York morning session. Prices: US, UK in 32nds, others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Although the Fed chairman later reiterated his assertion that the authorities were prepared to ease policy again should economic conditions warrant it, his earlier comments were interpreted by market participants as a hint that no further interest rate cuts were in the pipeline.

The reduced likelihood of a policy ease was underlined just before noon when the Fed intervened in the credit markets with a round of matched sale-purchase agreements.

The Fed's target for the rate remains at 4 per cent, and yesterday's intervention was intended to push the Fed funds rate upwards from 3⅞ per cent, where it has languished since Monday on hopes of an interest rate cut.

■ FAVOURABLE producer output figures and renewed hopes of a base rate cut helped the UK government bond market to start the day on a firm note, but prices drifted back during the day to close slightly lower.

British producer output price growth slowed in January, with output prices rising 4.5 per cent year-on-year. Traders said the figures provide a favourable backdrop for the gilt market, pointing to a fall in underlying retail price inflation and adding to speculation about a cut in the base rate.

Hopes of an interest rate cut pushed gilt prices higher on Monday and the rise continued yesterday morning, allowing the Bank of England to sell some of its new tap stock, the 9 per cent Treasury stock due 2012.

Traders estimated that between £300 and £500m of the £1.25bn issue was sold yesterday.

The Liffe gilt futures contract opened at 98.01 and traded at around 97.26 by late afternoon on average volume. Traders said short-dated gilts closed higher on the day, with the 10 per cent gilt due 1994 moving from 101$\frac{5}{32}$ to 101$\frac{7}{32}$. The benchmark 11¾ per cent gilt due 2003/07 was unchanged at 116$\frac{5}{8}$, yielding 9.38 per cent.

■ SPANISH government bonds rallied on expectations of lower inflation and a possible cut in interest rates. The rally was mainly driven by domestic buying although traders reported some foreign interest.

The January Consumer Prices Index due to be released tomorrow is now expected to show a 1.5 per cent month-on-month rise rather than the 1.8-2.0 per cent month-on-month increase originally forecast.

The lower inflation forecast fuelled hopes of lower interest rates, given the strength of the peseta. The 11.60 per cent bond due 1997 rose from 100.95 to 101.15, while the 11.30 per cent bond due 2002 rose from 102.55 to a high of 102.95 before settling back to 102.85 by late afternoon.

■ LONG-DATED German government bonds edged up on worries about a shortage of ten-year paper.

Traders said ten-year bond prices climbed on speculation over whether the Bundesbank would be issuing much long-term paper before the summer.

The Liffe bund futures contract, which opened at 88.14, rose to a high of 88.31 before closing at 88.21.

■ Japanese markets were closed for a holiday.

S-E Banken to open Tokyo office

SWEDEN'S Skandinaviska Enskilda Banken, the leading banking group, said yesterday it would become the first Nordic bank to open a branch in Tokyo, AP-DJ reports from Tokyo.

Subject to approval by Swedish and Japanese authorities, the Tokyo branch is expected to commence activities during the second half of 1992, it said.

Initially, the branch will focus mainly on foreign exchange and money and capital market transactions, the bank said.

S-E Banken has had a representative office in the Japanese capital since 1971.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on February 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106¾	107¼	+⅛	6.23
ALBERTA PROVINCE 9 3/8 95	600	109⅛	109⅝	+⅛	6.47
AUSTRIA 8 1/2 00	400	105⅝	106	-⅛	7.53
BANK OF TOKYO 8 3/8 96	100	104⅞	105¼	+⅛	7.00
BELGIUM 9 5/8 98	250	111	111⅜		7.39
BFCE 7 3/4 97	150	103¼	103⅝	+⅛	6.96
BNP 8 5/8 94	300	106¼	106⅝		5.79
BRITISH GAS 8 3/8 99	350	105	105¼	-⅛	7.47
CANADA 9 96	1000	108⅞	109¼	+⅛	6.43
CARCO 9 1/4 96	650	103⅝	104⅛	+⅛	8.23
CCCE 9 1/4 95	300	108⅞	109¼		6.02
COUNCIL EUROPE 8 96	100	104⅝	105		6.79
CREDIT FONCIER 9 1/2 99	300	110⅝	111⅛	-⅛	7.48
DENMARK 8 1/4 94	150	105¼	105⅝		5.81
DENMARK 9 1/4 95	1571	108¼	108⅝	-⅛	6.15
ECSC 8 1/4 96	193	105⅝	106¼		6.85
EEC 8 1/4 96	100	105⅝	106¼	+⅛	6.67
EIB 7 3/4 96	250	104	104⅜	+⅛	6.66
EIB 9 1/4 97	1000	110	110⅜		7.06
ELEC DE FRANCE 9 98	200	108¼	108⅝	-⅛	7.30
EURO CRED CARD TST 9 94	325	104¼	105⅛	+⅛	7.07
EUROFIMA 9 1/4 96	100	108⅝	109	-⅛	6.86
EXPORT DEV CORP 9 1/2 98	150	110⅝	111⅛		7.33
FINLAND 7 7/8 97	200	102⅞	103⅛	-⅛	7.16
FINNISH EXPORT 9 3/8 95	200	108⅞	109¼		6.38
FORD CAPITAL 9 3/4 97	250	106⅝	107⅛	+⅛	8.15
GEN ELEC CAPITAL 9 3/8 96	300	108⅝	109⅛	+⅛	6.98
GMAC 9 1/8 96	200	104⅞	105⅜	+⅛	7.75
GUINNESS FINANCE 8 94	300	104⅜	104⅞	+⅛	5.98
IBM INTL FIN 7 3/4 94	200	104⅜	104⅞	+⅛	5.55
IND BK JAPAN FIN 7 7/8 97	200	102⅞	103¼	+⅛	7.18
INTER AMER DEV 7 5/8 96	200	103⅜	103⅞		6.73
ITALY 8 1/2 94	1500	106⅞	107	+⅛	5.67
JAPAN DEV BK 8 94	150	104⅞	105¼	-⅛	5.49
KANSAI ELEC PWR 10 96	350	110⅞	111¼		6.88
LTCB FIN 8 97	200	102⅝	103	+⅛	7.34
NEW ZEALAND 9 94	650	106⅞	107¼		6.04
NIPPON CRED BK 10 3/8 95	150	110	110⅜	-⅛	6.95
NIPPON TEL & TEL 9 3/8 95	200	108¼	109	-⅛	6.23
ONTARIO 8 1/2 01	600	103⅛	103½		8.00
ONTARIO HYDRO 11 5/8 94	200	110⅝	111⅛	-⅛	5.83
OSTER KONTROLLBANK 8 1/2 01	200	105⅜	105⅞		7.65
PETRO-CANADA 7 1/4 96	200	101⅞	102⅛	+⅛	6.72
QUEBEC HYDRO 9 3/4 98	150	110⅛	110⅝	+⅛	7.73
QUEBEC PROV 9 98	200	106½	107⅛	+⅛	7.63
SAINSBURY 9 1/8 96	150	106⅞	107⅜		7.31
SAS 10 99	200	106½	107¼	-⅛	8.72
SBAB 9 1/2 95	500	108⅞	109¼	+⅛	6.41
SNCF 9 1/2 98	150	110½	110⅞	-⅛	7.38
STATE BK NSW 8 1/2 96	200	104⅝	105⅛	+⅛	7.21
SWEDISH EXPORT 8 3/8 96	700	106	106⅜	+⅛	9.07
TOKYO ELEC POWER 8 3/4 96	300	106¼	107⅛		6.94
TOKYO METROPOLIS 8 1/4 96	200	105⅜	105⅞		6.87
WORLD BANK 8 3/8 99	1500	106⅜	107		7.34
WORLD BANK 8 3/4 97	1500	108⅜	108⅞	-⅛	6.82
XEROX CORPN 8 3/8 96	100	102⅞	104	+⅛	7.60

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN AMRO 8 1/2 96	500	101¼	101½	+⅛	8.15
AUSTRIA 6 3/4 99	750	95⅛	95⅜	+⅛	7.65
BNP 8 1/4 01	200	101⅞	102⅛		7.96
DAI-ICHI KANGYO 5 1/2 94	300	94⅛	94⅜	+⅛	8.89
DEUTSCHE FINANCE 7 1/2 95	1000	99	99	-⅛	7.89
EIB 5 3/4 98	400	90⅛	90⅜		7.78
EIB 6 7/8 95	300	97⅛	97⅜		7.73
EUROFIMA 6 1/4 98	400	92½	92⅞		7.76
FIRST INTERSTATE 5 3/4 96	100	86⅜	86⅞	+⅛	9.82
IND BK JAPAN FIN 5 5/8 96	200	91¼	91⅝		8.15
INTER AMER DEV 9 00	300	107	107⅜		7.87
LUFTHANSA INT FIN 5 7/8 98	500	89⅜	89⅞	-⅛	8.03
NAT BK HUNGARY 10 3/4 98	500	100	100¼		10.73
QUEBEC HYDRO 6 3/4 99	300	92½	92½		8.17
SWEDEN 6 1/8 98	300	93¼	93⅝	+⅛	7.54
TURKEY 10 3/4 96	500	100¼	100½	+⅛	10.65
WORLD BANK 0 15	2000	20⅛	20⅜		6.87
WORLD BANK 5 3/4 96	300	93	93		7.81
WORLD BANK 7 1/8 95	500	98⅛	98⅜	-⅛	7.61

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	92¼			6.74
AUSTRIA 4 5/8 98	100	91	91½		6.48
CHUBU ELEC POWER 6 3/4 01	300	100	100½		6.74
COUNCIL EUROPE 4 3/4 98	250	90¼	90¾	-¼	6.78
EEC 5 1/2 00	100	91½	92½		6.81
EIB 6 1/2 98	600	100⅜	100⅞	-⅛	6.37
ELEC DE FRANCE 7 1/4 06	100	105¾	106¼	+1¼	6.66
FINLAND 5 3/8 95	350	96	97	+½	6.61
GENERAL MOTORS 7 1/2 95	100	100¾	101	+¼	7.21
JAPAN DEV BK 5 1/2 94	100	97	97½	-¼	7.16
KOBE 6 3/8 01	240	98½	99	+¼	6.59
NEW ZEALAND 4 7/8 99	200	89½	90	+½	6.81
QUEBEC HYDRO 5 08	100	79½	80	+½	7.19
WORLD BANK 5 03	150	86½	87	+¼	6.72
WORLD BANK 7 01	600	103⅝	103¾	+⅛	6.46

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	99¼	99⅜		5.23
CREDIT FONCIER 5 1/4 94	20000	99¼	99⅝		5.53
DENMARK 7 95	40000	104⅛	104⅝	-⅛	5.37
EIB 4 5/8 94	40000	99¼	99⅜		5.04
ELEC DE FRANCE 5 5/8 96	20000	100⅜	100⅞	-⅛	5.52
FINLAND 6 3/4 96	50000	103½	103⅞	-⅛	5.77
INTER AMER DEV 7 1/4 00	30000	109½	109⅞	-⅛	5.77
KANSAI ELEC PWR 4 5/8 94	60000	98⅜	98⅝		5.54
NIPPON TEL & TEL 5 7/8 96	50000	101⅝	102	-⅛	5.46
NORWAY 5 1/8 95	50000	99¼	99½		5.38
SNCF 6 3/4 00	30000	106¾	107	-⅛	5.68
SWEDEN 5 5/8 95	20000	100½	101		5.46
WORLD BANK 6 3/4 00	50000	107	107¼	-⅛	5.65

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.84
COPENHAGEN TEL 8 5/8 96 LFr	600	98½	99½	-⅛	9.21
WORLD BANK 8 96 LFr	1000	96½	97½		9.02
ENERGIE BEHEER 8 3/4 98 Fl	500	102⅝	103⅛		8.19
UNILEVER 9 00 Fl	500	105	105½		8.14
ALBERTA PROVINCE 10 5/8 96 C$	500	106⅛	106⅝		8.75
BELL CANADA 10 5/8 99 C$	150	107⅛	107⅝	+⅛	9.24
BRITISH COLUMBIA 10 96 C$	500	104⅛	104⅝		8.78
EIB 10 1/8 98 C$	130	105⅜	106⅞	+⅛	8.83
ELEC DE FRANCE 9 3/4 99 C$	275	104⅛	104⅝	+⅛	8.94
FORD CREDIT CANADA 10 94 C$	100	101½	102⅛		9.25
GEN ELEC CAPITAL 10 96 C$	300	103⅞	104⅜	+⅛	8.86
KFW INT FIN 10 01 C$	400	105⅛	105⅝		9.14
NIPPON TEL & TEL 10 1/4 94 C$	200	106⅛	106⅝	+⅛	9.07
ONTARIO HYDRO 10 7/8 99 C$	500	107⅞	108⅛	+⅛	9.30
OSTER KONTROLLBANK 10 1/4 99 C$	150	106⅜	107		9.00
QUEBEC PROV 10 1/2 98 C$	200	105⅝	106⅛		9.31
BELGIUM 9 1/8 96 Ecu	1250	101⅛	101⅞		8.59
CREDIT LYONNAIS 9 96 Ecu	125	98⅝	100	+⅛	9.35
DENMARK 7 5/8 96 Ecu	250	94⅛	95	+⅛	9.36
EEC 7 5/8 94 Ecu	200	97½	98		9.01
EIB 10 97 Ecu	1125	106⅛	106⅝		8.39
FERRO DEL STAT 10 1/8 98 Ecu	500	106⅛	106⅝	+⅛	8.72
ITALY 10 3/4 00 Ecu	1000	111⅞	112		8.65
UNITED KINGDOM 9 1/8 01 Ecu	2750	104⅛	104½		8.41
BP AMERICA 12 1/4 96 A$	100	106⅞	107⅛		10.13
COMM BK AUSTRALIA 13 3/4 99 A$	100	115⅛	115⅝		10.71
EKSPORTFINANS 12 3/8 95 A$	75	109½	110		8.89
EUROFIMA 14 5/8 94 A$	75	111⅛	111⅝		8.82
MCDONALDS CANADA 15 95 A$	100	112⅝	113⅛		10.28
NAT AUSTRALIA BANK 14 3/4 94 A$	150	110⅛	110⅝	+⅛	8.89
STATE BK NSW 14 1/4 99 A$	100	116	116⅝	-⅛	11.01
UNILEVER AUSTRALIA 12 98 A$	150	107½	107⅞		10.28
VOLKSWAGEN INTL 15 94 A$	100	110⅝	111⅛	+⅛	9.37
ABBEY NATL TREAS 13 3/8 95 £	100	107⅞	108⅜	-⅛	10.22
ALLIANCE & LEICS 11 3/8 97 £	100	102⅞	103⅛		10.60
BRITISH GAS 12 3/4 95 £	300	106⅞	107⅛		9.99
BRITISH LAND 12 1/2 16 £	150	106⅞	107⅜	+⅛	11.98
DEUTSCHE BK FIN 11 94 £	225	102	102½		9.80
EIB 10 97 £	536.5	101¼	101½		9.67
FINLAND 10 1/8 97 £	100	101¼	101⅝		9.79
ITALY 10 1/2 14 £	400	103⅞	104⅛	+⅛	10.05
LAND SECS 9 1/2 07 £	200	89⅛	89⅝	-⅛	10.97
NORWAY 10 1/2 94 £	200	101⅛	101⅝		9.78
ONTARIO 11 1/8 01 £	100	105	105½	-⅛	10.25
SEVERN TRENT 11 1/2 99 £	150	104⅛	104⅝	+⅛	10.62
SKANDINAVISKA ENSK 13 1/8 95 £	100	106⅜	107⅛		10.56
TOKYO ELEC POWER 11 01 £	150	105⅞	106¼		9.98
WORLD BANK 11 1/4 95 £	100	103⅝	104⅛		9.86
ABBEY NATIONAL 0 96 NZ$	100	65⅛	66⅛	+⅛	9.58
BNP 12 96 NZ$	50	108⅞	109⅜		9.36
CEPME 10 95 FFr	2000	102⅝	103⅛	-⅛	8.98
ELF-AQUITAINE 9 99 FFr	600	101⅛	101⅝	-⅛	8.75
EURATOM 7 5/8 98 FFr	500	93	93⅝	-⅛	9.10

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALLIANCE & LEICS 0.08 94 £	300	99.51	99.62	10.7675
BANCO ROMA 0.03 01	200	92.00	93.38	4.4050
BELGIUM 1/16 97 DM	500	99.97	100.07	9.5000
BFCE -0.02 96	350	100.27	100.37	4.9175
BNP 05	300	96.75	97.38	5.5625
BRITANNIA 1/10 96 £	150	99.09	99.29	10.7875
CCCE 06 ECU	200	99.92	100.01	10.1563
CITIZENS FED 0.15 96	100	99.48	99.95	5.9625
CREDIT FONCIER -1/16 98	200	100.20	100.30	5.3438
DENMARK -1/8 96	1000	99.74	99.84	5.6875
DRESDNER FINANCE 1/32 98 DM	1000	99.95	100.05	9.5938
ELEC DE FRANCE 1/8 99	400	101.75	102.76	6.0625
FERRO DEL STAT 94	200	100.85	101.18	5.9375
HALIFAX 1/10 94 £	200	99.94	100.05	10.5375
IRELAND 98	300	99.61	99.71	4.4600
ITALY 00	500	100.94	101.14	4.5000
LEEDS PERMANENT 1/8 96 £	200	99.38	99.53	11.0000
LLOYDS BANK 1/10 PERP S.3	600	79.00	81.00	6.0375
MITSUI FIN ASIA 1/8 96	100	100.03	100.13	5.9375
NAT WEST FIN 3/16 05	400	92.50	94.00	5.5000
NEW ZEALAND 1/8 96	250	100.29	100.39	4.8130
RENFE 98	500	100.10	100.20	5.0000
SOCIETE GENERALE 96	300	99.87	99.97	3.6250
STATE BK VICTORIA 0.05 99	125	98.60	98.85	4.3625
UNITED KINGDOM -1/8 96	4000	100.04	100.07	4.2500
YORKSHIRE BS 1/10 94 £	165	99.56	99.66	10.5063

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
BURTON GROUP 4 3/4 01 £	110	2.38	128¼	129⅞	
CHUBB CAPITAL 6 98	250	86	104¼	105¼	+31.21
DAI-ICHI KANGYO 3 7/8 04	300	3251.8	85	86	+15.41
EASTMAN KODAK 6 3/8 01	300	50.67	104	105	+12.72
GOLD KALGOORLIE 7 1/2 00	65	1.0554	84⅛	85⅛	+51.42
HANSON 9 1/2 06 £	500	2.5875	98⅛	98⅝	+25.07
HAWLEY 6 02 PREF	400	19.1	84⅛	86⅛	
HILLSDOWN 4 1/2 02 £	150	3.97	117	118	
LAND SECS 6 3/4 02 £	84	6.72	84½	85⅛	+23.18
LASMO 7 3/4 05 £	90	5.64	75⅛	76⅛	+80.60
MITSUI BANK 2 5/8 03	200	2337½	81	83	+20.70
MOUNT ISA FIN 6 1/2 97	100	2.283	96⅛	97⅛	+19.95
OGDEN 6 02	85	39.077	82⅛	83⅛	+60.40
SMITH & NEPHEW 4 02 £	90	1.775	121⅛	122⅛	+47.41
SUMITOMO BANK 3 1/8 04	300	3606.9	66	66⅛	+24.34
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	90⅛	91⅛	
THORN EMI 5 3/4 04 £	103	7.45	120⅛	121⅛	+7.51

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Activity muted as market awaits Ecu sector deals

By Simon London

NEW issue activity continued at a slow pace in the international bond market yesterday, although syndicate officials are expecting substantial deals in the Ecu sector later this week.

The European Community is expected to raise Ecu490m later this week or early next

INTERNATIONAL BONDS

week to finance loans to eastern European countries. Many syndicate managers are expecting the EC to re-open its Ecu190m seven-year issue, launched by Warburg Securities last month.

In addition, Crédit Foncier, the French public sector housing finance agency, was thought to be considering a deal of up to Ecu500m at around the 10-year maturity.

Elsewhere, the launch of two high-yielding Australian dollar issues underlined the sharp correction this sector of the market has seen this year.

The A$100m 10-year deals, by State Bank of South Australia and the Victorian Public Financing Agency, both carried an 11 per cent coupon. At the end of last year, bonds issued by borrowers of comparable credit quality carried coupons of little more than 9 per cent.

The higher yields are attracting some of the retail buyers who deserted the market last year when Australian interest rates and bond yields fell sharply. The lead managers of yesterday's deals, Hambros and Merrill Lynch respectively, reported buying from continental European banks with retail clients and Far Eastern investors.

In addition to higher yields, many outstanding Australian dollar bonds are coming up for redemption and investors are re-investing some of the proceeds. Bonds worth around A$2bn mature during this month and next.

However, the demand for Australian dollar debt securities remains much less than in the recent past. The two deals launched almost simultaneously yesterday proved too much for the market to digest at once.

Both deals traded down from issue price to stand at or around a discount equivalent to full fees by the close.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Credit National(b)	60	zero	100	2000	1⅞/1½	Paribas Capital Mkts.
CANADIAN DOLLARS						
Bque.Nationale d'Paris(c)†	150	8	99.95	1997	1⅞/1⅝	Wood Gundy
AUSTRALIAN DOLLARS						
Vic.Public Fin.Auth.(a)†	100	11	101.588	2002	2⅛/1½	Merrill Lynch
St.Bk of Sth.Australia(a)†	100	11	101.45	2002	2⅛/1⅝	Hambros Bank
SWEDISH KRONOR						
Eurofima(a)†	500	10¼	101⅛	1997	1⅝/1⅛	Dresdner Bank
D-MARKS						
Dresdner Finance BV(a)†	500	8	101.70	1998	2⅛/1⅜	Dresdner Bank
SWISS FRANCS						
Swedmortgage Bank(d)†	150	7⅛	101	2002	-	Credit Suisse

✩✩Private placement. §Convertible. ¶With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Redemption value linked to the S & P 500 index. Minimum redemption value of par. c) Amount increased from C$100m. Non-callable. d) Subordinated issue. Amount increased from SFr100m. Non-callable.

Parliament approves Taurus changes

By Richard Waters

LEGAL changes needed to bring in the UK's planned paperless settlement system, Taurus, finally received parliamentary approval on Monday night, a year after they were originally due to be adopted.

The completion of the legal process opens the way for British companies to seek the support of their shareholders to "dematerialise" – that is, transfer their shares on to the new system. However, the timing of the regulations means that it is too late for many of the British companies that have annual meetings early this spring to seek shareholder support this year.

The London Stock Exchange said it was talking to a number of companies which it hoped would be in the first wave to move on to Taurus at its planned launch in April 1993.

The law changes are necessary to reflect the way title to shares passes in a paperless stock market, rather than under the existing system.

Amending company law proved far more complex than had been expected, and led to substantial delays before draft regulations were able to be published last summer. These met considerable opposition in the investment industry, and were subsequently simplified before being put to Parliament.

Much of the detail contained in the original draft regulations is due to be reproduced in a separate stock exchange rule book, expected to be published in draft form in May. Mr Andrew Hugh Smith, the exchange chairman, said this would "allow greater flexibility in the future than would have been possible if everything had been contained within the regulations".

Exchange stakes out fresh index territory

The CME is expanding its list of index-related products in an effort to become the world's top derivatives market, reports Barbara Durr

THE Chicago Mercantile Exchange, flush with success, is launching a new product this week aimed at institutional investors and has plans to offer a spectrum of index-related products.

The exchange, home to the Standard & Poor's 500 index future, the world's most widely traded stock index contract, last year traded a record 108m contracts, up 5 per cent over 1990, while trading volumes declined at other American futures and options exchanges.

The exchange will start trading tomorrow in the S&P MidCap 400, the index composed of 400 middle-capitalisation growth companies. The Commodity Futures Trading Commission approved the contract yesterday.

The CME's launch will be co-ordinated with the American Stock Exchange, which will trade the cash market options on the MidCap 400. This will expand its business in foreign stock indices, which began in 1990 with the Nikkei 225.

Another possible addition, is a future on Germany's DAX index of 30 leading companies. A memorandum of understanding has yet to be agreed between US and German regulatory authorities.

These new products are part of the fresh territory being staked out by the exchange. Mr William Brodsky, the CME president whose background is in the securities industry, said: "We hope to have a whole panoply of index products."

With the large and medium stock indices in hand, the CME's next goal is to capture the rights to futures on the Russell 2,000 stock index, the most followed index for small companies and one that has become popular with institutional investors during the last year or so.

The average market capitalisation of Russell 2,000 companies is $100m.

Mr Brodsky and Mr John "Jack" Sandner, who has been re-elected CME chairman for the eighth time, believe that indices trading is the direction of the markets, particularly for institutional investors.

"People who three to five years ago wouldn't even consider using stock index futures are now using them," said Mr Brodsky.

Pension funds, university endowments and other institutional investors are increasingly matching their holdings to the indices. Since it was launched in mid-1991, the MidCap 400 has drawn $3bn in indexed assets.

The recent performance of the smaller indices is a big incentive. The MidCap 400 index increased in 1991 by 46.59 per cent, the Russell index by 43.68 per cent.

These rates are far ahead of the S&P 500 index, composed of large industrial companies, which rose by 26.31 per cent last year.

Besides stock index futures, the CME is looking at the new Goldman Sachs commodity index, which begun last year and includes oil, wheat, metals and soft commodities such as coffee and sugar, as the basis for a possible new contract.

All this effervescence has a strategic point. The CME wants to position itself as the world's leading derivatives exchange.

To do so, it is doggedly courting the institutional segment of the investing community and it has taken aim in particular at managed futures funds, which Mr Sandner estimates hold some $30bn. Managed futures "will go the way of mutual funds", says Mr Sandner. Currently, the net assets of US mutual funds total $1,350bn.

To accommodate institutional investors the CME has taken or proposed several new trading rules.

Last year, it put in place a large order execution rule, known as Lox, comparable to the block trade rules at leading US stock exchanges. Under this rule, a CME member wishing to buy or sell 300 or more S&P 500 futures can, in essence, prearrange the trade off the trading floor.

Mr Sandner wants to expand the rule to the exchange's rapidly expanding currency futures business, where EuroYen and EuroMark contracts are under consideration.

To further facilitate large orders, the exchange recently won approval from the Commodity Futures Trading Commission, the futures industry regulator, to lift position limits on its EuroDollar and leading currency futures and futures options.

It has also proposed an average pricing system for large orders. Under such a system, CME members can provide such big investors an average price for a single order or series of orders executed at different prices. The proposal is awaiting CFTC approval.

The exchange plans to bring into use an extra trading floor to cope with the new business. The current floor has become so overcrowded that vertical boxes have been built so that brokers and traders can better see what's happening amid the mass of people in the pits.

International stock trading falls at LSE

By Richard Waters

THE trading of international stocks in London fell last year from its peak recorded in 1990, according to figures published yesterday by the London Stock Exchange.

The value of overseas share transactions reported to the exchange during the year was £275bn. This was down from the record £294bn of 1990.

Apart from foreign currency adjustments (all shares are traded in their local currency), the decline reflects the fact that London's share of international equity business may have peaked.

Greater competition from other financial centres, particularly in Europe, has begun to stem the flow of business to the City, according to the exchange's figures.

The UK domestic stock market, by contrast, had a better year in 1991. Customer turnover (not including trades between market makers) rose by 14 per cent to £234bn.

Brazilian companies hit by accounting rules

By Christina Lamb in Rio de Janeiro

THERE could be some unpleasant surprises in store for those foreign investors who have rushed to buy shares on the Brazilian stock market or take up more than $2bn in bonds and other paper issued by Brazilian state companies over the past six months.

Over the next few weeks, many Brazilian companies will be posting appalling results and surprise losses for 1991. This is partly a result of the country's harshest recession for a decade, provoked by the tight monetary policy the government is using to tackle inflation.

The main reason, however, is a new accounting regulation (Law 8200) requiring companies to revalue assets to reflect the fact that inflation has been running at a higher rate than previously recorded in official figures.

In effect, companies are having to compensate for the government's under-estimation of inflation in 1990.

The first victim was Petrobras, the giant state oil monopoly, which recently announced its first losses.

Mr Antonio Claudio Pereira da Silva, the superintendent of finance, claims the company would have had a $1.2bn profit rather than its posted losses of $237m were it not for the change in accounting practices.

"The new law is basically an admission that the government has been manipulating the [official inflation] figures," says one analyst.

For the past six years of high inflation, successive economic teams have been giving figures for monetary correction of assets below that of actual inflation, in an attempt to suppress inflationary pressures in the economy.

This has made corporate profits appear higher, and has enabled the government to collect more taxes.

The situation reached an extreme in 1990 when there was a 100 per cent lag between the figures used to adjust reported asset values and actual inflation.

This caused many companies to show profits when, in fact, they had made losses in real terms. Many companies went to court refusing to pay tax on these so-called profits, thus forcing the government to correct the situation.

Under the new law, companies must now revise their figures for 1990. This is leading to a huge increase in depreciation costs: by last year, fixed assets were shown on average at just one-third of their real value.

Companies can also revise their figures for previous years, although they are not required to and will not receive tax credits.

This option is already causing confusion over what 1991 results really mean. Petrobras, for example, revised its figures back to 1987 whereas Bradesco, the largest private sector bank, only went back to 1989.

The average effect has been a 100 per cent jump in net asset values and a fall in profits to one-third of previous forecasts.

Particularly hit are those companies with large assets such as Petrobras, Telebras, the state telecommunications company and Electrobras, the state electricity company, all of which have or are likely to report losses.

Finance directors argue that as this is an accounting change the figures may be worse on paper than in reality, but Ms Sonia Villa Lobos, a researcher at Banco Garantia, points out: "This law is just adjusting net assets to their real value – what was wrong was their previous results."

The changes do not affect cash-flow, so there should be no reduction in capacity to meet obligations.

However, Mr Roger Maudsley, an investment analyst at Banco Bozano Simonsen, says, "Brazilian companies are suddenly looking very uncompetitive when one considers net return on equity."

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday February 11 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Mon Feb 10: Index No.	Fri Feb 7: Index No.	Thu Feb 6: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (178)	781.41	-0.2	8.67	6.14	14.74	0.61	782.77	776.92	780.92	760.13
2	Building Materials (23)	940.86	......	7.34	6.60	18.44	0.44	940.46	936.29	953.37	1051.57
3	Contracting, Construction (28)	884.18	+0.6	9.01	8.40	16.01	0.00	878.82	878.23	880.14	1174.82
4	Electricals (7)	2454.89	+1.3	10.06	6.11	12.50	1.47	2424.17	2433.44	2438.61	2073.63
5	Electronics (26)	1781.99	-0.3	10.30	4.81	12.30	1.26	1787.71	1763.37	1765.31	1644.17
6	Engineering-Aerospace (8)	321.17	-2.8	16.62	8.09	7.32	0.77	330.55	328.11	328.39	400.99
7	Engineering-General (43)	484.46	-0.1	9.81	5.09	12.58	1.21	485.12	486.80	487.17	372.40
8	Metals and Metal Forming (10)	328.12	-0.2	2.13	10.58	–	0.00	328.63	323.71	327.63	420.87
9	Motors (14)	303.65	......	8.57	7.79	15.08	0.00	303.70	301.92	303.24	297.45
10	Other Industrial Materials (19)	1593.55	......	7.55	5.14	15.76	0.69	1594.42	1574.55	1577.60	1341.06
21	CONSUMER GROUP (188)	1655.11	+0.1	6.97	3.32	17.64	2.27	1653.78	1643.18	1652.66	1207.72
22	Brewers and Distillers (23)	2062.43	+0.8	7.80	3.44	15.45	7.92	2045.79	2048.58	2055.93	1630.77
25	Food Manufacturing (18)	1258.24	......	8.57	4.04	14.42	2.11	1258.55	1251.34	1257.99	1089.51
26	Food Retailing (17)	2541.50	+0.5	8.69	3.26	14.95	0.39	2528.19	2500.29	2517.50	2463.50
27	Health and Household (24)	4455.93	-0.8	5.10	2.19	22.49	0.08	4492.63	4453.79	4494.76	2277.95
29	Hotels and Leisure (23)	1277.64	+0.2	7.34	5.26	16.95	1.02	1274.88	1260.78	1266.28	1177.16
30	Media (24)	1492.50	+0.6	6.56	3.59	19.17	1.22	1483.31	1476.54	1477.77	1252.56
31	Packaging, Paper & Printing (17)	754.66	-0.4	7.01	4.40	17.29	0.22	757.99	752.85	756.03	551.57
34	Stores (32)	1038.19	+0.4	7.11	3.48	18.63	1.89	1033.65	1024.64	1030.24	826.45
35	Textiles (10)	623.14	+0.6	7.37	4.97	17.32	0.53	619.24	617.39	617.22	420.51
40	OTHER GROUPS (116)	1213.61	-0.1	9.95	5.46	12.68	6.34	1215.24	1207.92	1212.13	1075.05
41	Business Services (16)	1372.63	+0.5	7.31	4.70	17.40	0.07	1366.28	1357.12	1362.08	960.10
42	Chemicals (21)	1487.20	+0.6	6.78	4.92	18.21	0.44	1478.20	1474.98	1486.84	1150.68
43	Conglomerates (11)	1263.88	-1.0	11.48	8.02	10.61	3.11	1276.08	1253.63	1265.12	1409.60
44	Transport (14)	2395.74	+0.9	5.30	4.72	24.93	2.46	2375.36	2381.62	2400.17	1910.34
45	Electricity (16)	1205.44	+0.1	15.04	6.17	8.68	17.21	1204.50	1202.98	1195.76	1128.33
46	Telephone Networks (4)	1397.12	-0.5	11.23	4.49	11.63	15.96	1404.13	1399.14	1401.87	1208.67
47	Water (10)	2400.40	+0.4	17.77	6.62	6.20	0.00	2391.62	2353.99	2361.16	2425.58
48	Miscellaneous (24)	1834.92	-0.9	5.59	5.32	24.48	0.95	1850.76	1832.75	1836.69	1693.91
49	INDUSTRIAL GROUP (482)	1294.23	......	8.19	4.47	15.28	3.17	1294.62	1286.24	1292.61	1094.37
51	Oil & Gas (18)	2133.19	+0.1	11.99	6.57	11.03	8.11	2130.07	2092.54	2108.27	2268.68
59	500 SHARE INDEX (500)	1370.68	......	8.60	4.70	14.66	3.56	1370.82	1360.29	1367.40	1192.42
61	FINANCIAL GROUP (87)	717.95	-0.1	–	6.47	–	0.71	718.50	717.14	722.51	762.26
62	Banks (9)	877.90	+0.5	4.37	6.05	46.54	1.59	873.71	870.26	876.06	831.53
65	Insurance (Life) (6)	1398.85	-0.3	–	6.11	–	0.00	1402.53	1386.63	1400.34	1377.12
66	Insurance (Composite) (7)	476.45	-3.1	–	9.15	–	0.00	491.46	498.35	504.16	658.68
67	Insurance (Brokers) (10)	971.09	-0.5	7.96	6.88	16.52	1.80	976.40	970.61	989.68	1031.54
68	Merchant Banks (7)	474.32	+0.6	–	4.52	–	0.00	471.37	473.23	479.23	383.70
69	Property (33)	776.67	+0.9	7.41	5.84	16.48	0.44	769.58	765.71	767.61	990.75
70	Other Financial (14)	245.47	+0.9	8.11	7.28	16.29	0.00	243.23	241.58	241.89	257.03
71	Investment Trusts (68)	1185.80	+0.5	–	3.67	–	2.02	1179.90	1178.88	1183.66	1046.68
99	ALL-SHARE INDEX (654)	1215.47	......	–	4.88	–	2.90	1215.54	1207.23	1213.83	1085.46

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 10	Feb 7	Feb 6	Feb 5	Feb 4	Year ago
FT-SE 100 SHARE INDEX♦	2537.1	-1.3	2549.9	2536.7	2538.4	2517.2	2534.3	2547.1	2556.8	2264.5

FIXED INTEREST

	PRICE INDICES	Tue Feb 11	Day's change %	Mon Feb 10	Accrued Interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (26)	122.57	+0.11	122.44	2.04	1.25
2	5-15 years (26)	137.07	+0.14	137.08	1.86	2.17
3	Over 15 years (8)	148.33	+0.08	148.21	2.65	0.36
4	Irredeemables (6)	164.50	+0.02	164.46	2.93	0.00
5	All stocks (66)	135.05	+0.12	135.00	2.04	1.68
	Index-Linked					
6	Up to 5 years (2)	168.58	+0.11	168.39	-0.03	1.37
7	Over 5 years (9)	150.25	+0.08	150.13	0.67	0.63
8	All stocks (11)	151.64	+0.08	151.51	0.57	0.72
9	Debs & Loans (82)	119.31	+0.11	119.18	3.12	0.46

	AVERAGE GROSS REDEMPTION YIELDS		Tue Feb 11	Mon Feb 10	Year ago (approx.)
	British Government				
1	Low	5 years	8.60	8.65	9.46
2	Coupons	15 years	9.14	9.14	9.61
3	(0%-7¾%)	20 years	9.14	9.14	9.67
4	Medium	5 years	9.38	9.41	10.28
5	Coupons	15 years	9.22	9.23	9.97
6	(8%-10¾%)	20 years	9.19	9.19	9.94
7	High	5 years	9.61	9.65	10.43
8	Coupons	15 years	9.31	9.32	10.12
9	(11%-)	20 years	9.25	9.25	10.03
10	Irredeemables	†	9.34	9.34	9.94
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.82	3.84	3.84
12	Inflation rate 5%	Over 5 yrs.	4.27	4.27	4.18
13	Inflation rate 10%	Up to 5 yrs.	3.30	3.22	2.53
14	Inflation rate 10%	Over 5 yrs.	4.10	4.10	4.01
15	Debs &	5 years	10.82	10.86	12.41
16	Loans	15 years	10.61	10.62	12.12
17		25 years	10.45	10.46	11.84

♦Opening index 2548.9; 9 am 2546.3; 10 am 2539.7; 11 am 2538.8; Noon 2543.2; 1 pm 2543.2; 2 pm 2543.8; 2.30 pm 2543.3; 3 pm 2541.9; 4.10 pm 2537.7; (a) 8.37 am (b) 3.25 pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	63	1	17
Other Fixed Interest	8	2	7
Commercial, Industrial	301	208	970
Financial & Property	176	87	590
Oil & Gas	21	15	56
Plantations	2	0	7
Mines	54	16	80
Others	73	16	31
Totals	698	345	1,698

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
†	F.P.	–	75	63	Capital Industries 1p	63		–	–	–	–
100	F.P.	–	104	99	Exmoor Prfd. Capital	103		F0.6	–	0.8	–
–	F.P.	–	38	23	Fleming Japanese Wrnts	38		–	–	–	–
£10¾	F.P.	–	£11½	£10¾	Latin Am Inc & Appr. 1c	£11¼		–	–	–	–
–	F.P.	–	10	4	Multitrust Warrants	10	+1	–	–	–	–
–	F.P.	–	104	102	Riv & Mer Tst Inc12 1/2p	104		N9.2	–	11.8	–
–	F.P.	–	121¼	117	Do. Stpd Prf 12 1/2p	121¼		N5.6	–	6.1	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
10p	F.P.	-	10p	8p	Bakte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107¼	98½	Cambourne Inns. 10½pc Rd. Deb. 2001	103½	
100p	F.P.	-	106p	100p	Fidelity Euro. Values Equity Ln 2001	104p	
105	F.P.	-	110	98	Greencore 9.5% Cnv Un Ln Stk 1995	110	
310p	150p	-	277p	187p	Inchcape Non-Int. Bearing Cv Un Ln	275p	+5
100p	F.P.	-	105¼p	100¼p	NatWest Bank 9pc Prf Series A	100¼x	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
330	Nil	10/3	83pm	45pm	BM Group 10p	71pm	-1
60	Nil	16/3	43pm	7pm	‡Clarke Foods	43pm	+9
39	Nil	20/3	1½pm	1pm	Drummond	1pm	
150	Nil	11/3	24pm	23pm	Hi-Tec Sports	24pm	
185	Nil	11/3	74pm	64pm	Wheway	64pm	-2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. r Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ✝ Unlisted securities market. ✦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Feb. 3
- Last Dealings Feb. 14
- Last Declarations May 7
- For settlement May 18

3-month call rate indications are shown on this page.

Calls in **Berisford Intl., Cannon Street Invs., Clayform Props., Dowty, GRE** and **Pelon.** Puts in **Medeva, Mountleigh** and **P & O Dfd.** Puts and calls in **Amstrad** and **Conroy Petrlm.**

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
[illegible]							
Unilever (*918)	900	45½	63½	86½	24½	32½	38½
	950	19½	38½	60½	53½	61½	66½
Ultramar (*268)	260	17½	25	-	14	-	-
	280	8½	-	-	26	-	-

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
[illegible]							
Brit Aero (*279)	280	9	19½	30	9½	34	41½
	300	2	11½	22	23½	52½	52½
BAA (*570)	550	22	48	54	2¼	15½	22
	600	1¼	22	32	30½	35	44
BAT Inds (*651)	650	9½	32½	43	9½	30	42½
	700	1½	15	24½	47	62½	73½
Eurotunnel (*436)	420	33½	60	75	13½	30	40
	460	15½	40	55	33½	50	60
Glaxo (*818)	800	43½	76½	100	23½	39½	53½
	850	22	52½	75½	54½	68½	78½
Hawker Sidd. (*788)	750	42½	47½	-	1	12½	-
	800	13	21½	-	-	-	-
Hillsdown (*160)	160	9½	14	16½	6½	13½	15½
	177	3½	-	-	17	-	-
Lonrho (*122)	120	10½	16½	20	7½	11½	16½
	130	6½	13½	15½	13½	18	20½

FT-SE INDEX (*2538)

	2325	2375	2425	2475	2525	2575	2625	2675
CALLS	[illegible]							
PUTS								
Feb	3½	5	9	20	40½	76½	123	173
Mar	12	17	26	40	62	92	130	173
Apr	25	35½	46½	63½	84½	112	144	183
May	36	46½	61	76½	97½	123	153	188
Jun	-	53½	-	83½	-	135	-	203
Dec †	-	90	-	120	-	165	-	220

February 11 Total Contracts 17,173
Calls 12,177 Puts 4,996
FT-SE Index Calls 1,395 Puts 1,728
Euro FT-SE Calls 120 Puts 152
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

	p								
■ INDUSTRIALS		Charter Cons.	40	Ladbroke	17	Sears	7½	■ OILS	
Allied-Lyons	55	Comm Union	36	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	9	Courtaulds	39	Lex Service	18	TI	48	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	50	FKI	6½	Lonrho	20	Tesco	17	Conroy Pet	7½
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	36	NatWest Bank	24	Vickers	14	Tuskar Res	1
Boots	33	GEC	15	P & O Dfd	34	Wellcome	75		
Bowater	55	Glaxo	70	Racal Elect	4½	■ PROPERTY			
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21	■ MINES	
British Steel	6	GRE	11	Rank Org	45	Land Sec.	36	RTZ	39
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½		

UK COMPANY NEWS

Payment sparks new row in dispute over ill-starred joint venture

British Aerospace pays Asda £79m

BRITISH AEROSPACE yesterday announced that it had paid £79m to resolve a dispute with Asda, the supermarket group, over an ill-starred joint venture.

However, a new row broke out over an option which could force BAe to buy out its partner, potentially for some £75m.

Arlington, BAe's property subsidiary, said the option was irrelevant. It only applied in the event of a default and so it was invalidated by the payment of the £79m, it said.

"Any action against Arlington will be vigorously contested," the company added.

Mr Paul Dowling, corporate affairs director for Asda Group, said that Asda's lawyers took a different view. "Our legal advice is that we have a put option. It is clear."

Mr Dowling said that Asda had not decided whether it would exercise its option. "We are reviewing the situation," he said.

It is unclear what value would be placed on a half share of the Burwood House Group, the joint venture.

However, it would probably be less than £75m, the equity injected by both partners when it was set up.

The joint venture was set up two years ago, just before BAe took over Arlington, partly to help Asda raise cash to finance its acquisition of Gateway.

Gazeley Holdings, part of Asda, put 34 of its stores, then valued at £350m, into the group and extracted £275m of cash. Arlington injected a number of shopping schemes, then valued at £75m.

Arlington guaranteed the value of these development sites when it set up the joint venture. Its payment of £79m into Burwood House arose from its obligation to make good a shortfall in value of the development properties.

"The decision was the most beneficial to British Aerospace after considering various proposals designed to protect the position of the joint venture company and the interest of both its shareholders," it said in a statement to the Stock Exchange.

It added that the payment avoided "any question" arising from an option that would require Arlington to sell its interest in the Burwood House Group to Gazeley or to buy Gazeley's interest in the Burwood House Group, at open market value. BAe had already made provision for the payment in its 1991 accounts.

Both companies have been under severe pressure recently. A month ago, Asda reported a pre-tax loss of £68.8m for the half year to November 9. In recent months British Aerospace has seen the failure of a £432m right issues, a heavy fall in profits and the departure of senior managers.

BAe's share price fell from 295p to 282p. Asda's share price was unchanged at 38½p.

GPA may delay flotation until after June

By Roland Rudd

GUINNESS PEAT Aviation, which yesterday reported a 32 per cent increase in after-tax profits for its third quarter, is considering putting off its international flotation until after it publishes its year-end results in June.

The Irish Republic-based aircraft leasing group made after-tax profits of $73m (£40.1m) for the three months to December 31, compared with $55.5m in the comparable period of 1990.

Net profits for the nine months were $196.5m, only just ahead of the corresponding 1990 figure of $195.8m, but the group is confident of record earnings in excess of $261m for the full year. Earnings per share were $1.69 ($1.65).

GPA had hoped to bring forward its international share offering – worth between $1bn and $1.5bn – to early April, to take advantage of the buoyant US stock market.

However, the group now believes it may be prudent to wait until after June when it publishes its year-end results. This would strengthen its argument in favour of pricing the new shares closer to $30.

Some of its advisers still believe GPA should press ahead with its share offering in April, but only if the GPA board accepts its recommendation to price the new ordinary shares at between $20 to $25, with the emphasis on the lower price.

At a meeting last Friday at Shannon, GPA's advisers, which include Nomura, Schroders and Goldman Sachs, narrowed their recommended price range for the new shares to between $20 and $22.

Mr Tony Ryan, chairman, yesterday said: "We have now recaptured the net profit decline of the first half of the year and the increase of both operating and net profit over the third quarter of 1990 show we are recovering from the impact on air travel of the Gulf conflict."

Two thirds of the third quarter profits were generated from the sale of aircraft to investors. For the three months to December, aircraft sales accounted for 73 per cent of net profits compared with 63 per cent last year. Leasing accounted for 32 per cent (25 per cent) of earnings.

The US has now replaced Japan as GPA's most important market in aircraft sales.

Mr Maurice Foley, chief executive, said it would be "unfair" to question the quality of net profits because of the growth of the sale of aircraft to investors.

He added that in the aftermath of the withdrawal of the Japanese investors in the recession, the business of selling aircraft to investors had recovered faster than GPA's leasing division.

In a final word of warning, Mr Foley said it would be wrong to assume that GPA was about to report quarterly net profit increases of about 30 percentage points. "The worst of the recession is over" he said. "But we do not want to hype it up too much."

See Lex

Nadir committed for trial on £100m fraud charges

By David Barchard

MR ASIL NADIR, the former chairman and chief executive of Polly Peck International, the fruit and electronics group, was yesterday committed for trial at the Old Bailey, some 14 months after his arrest at Heathrow Airport in December 1990.

Mr Nadir faces 66 charges of theft and three of false accounting brought by the Serious Fraud Office for amounts totalling £100m.

A second defendant, Mr John Turner, the former Polly Peck group chief accountant, is charged on 10 counts of false accounting, totalling £7.4m.

The case now goes to the Old Bailey, but it is not expected to open before the start of 1993.

Mr Nadir's bail conditions were slightly eased yesterday. Sir David Hopkin, the chief metropolitan magistrate, maintained a requirement for Mr Nadir to report to Savile Row police station each week, but lifted a year-old ban on Mr Nadir contacting a list of persons from whom statements have been taken but who are not now expected to be prosecution witnesses.

Pannone March Pearson, Mr Nadir's solicitors, said there was still no evidence to refute the findings of defence accountants supplied to the SFO many months ago.

"The Polly Peck companies continue to trade successfully and we shall press for the earliest possible hearing date," the statement said.

Possible French connection for BA

By Paul Betts, Aerospace Correspondent

BRITISH AIRWAYS is understood to be considering investing in a minority stake in Transport Aerien Transregional (TAT), the French regional airline which is this year planning to launch a big expansion in European services.

TAT, which operates a fleet of 50 aircraft and is one of the main beneficiaries of French airline deregulation, yesterday said it was talking to several potential airline partners.

Although it declined to confirm specific talks with BA, the UK airline is believed to have been approached by TAT to invest in the French independent carrier.

BA, which yesterday reported a substantial increase to £100m in third quarter pre-tax profits, and is currently involved in negotiations to link-up with KLM Royal Dutch Airlines, said it never commented on speculation about mergers or acquisitions.

TAT's search for a strong international partner follows the disposal last year by Air France, the French national airline, of its 35 per cent stake in the regional carrier.

Air France sold its TAT stake as part of its agreement with the European Commission to enable it to take control of Air Inter, the French domestic carrier, and UTA, the independent French long-distance airline.

The French national carrier also agreed to give up several routes to independent airlines in return for EC approval to take over in 1990 its two main domestic competitors, Air Inter and UTA, giving it a 97 per cent share of the French market.

Mr Michel Marchais, founder and main shareholder of TAT, indicated last week he would be prepared to sell 20 per cent of his family's 72 per cent controlling interest in the airline to a new industrial partner.

The other big shareholder is Credit National, the French state credit institution, which acquired its 25 per cent stake from Air France.

TAT was founded 20 years ago but because of its association with Air France was until now largely considered as a subsidiary of the national flag carrier. In spite of last year's airline industry slump, the regional carrier has continued to operate profitably.

It employs about 3,100 people, has annual sales of about FFr2.4bn (£240m), and is involved in the express freight, airline maintenance and pilot training businesses as well as operating regional airline services on 30 routes.

But it is now poised to launch a big expansion of European services as a result of the French government's redistribution of airline routes. It plans to start 15 new services during the next 12 months, including services from Paris and Lyon to London Gatwick next month.

Other new European services include flights from Paris to Copenhagen, Munich, Geneva, Milan and a summer schedule of flights from French regional cities to London's Stansted airport.

However, the airline clearly feels it will be in a stronger position to compete head-on against Air France if it can forge a partnership with a big European carrier like BA.

GPG escapes a second share suspension

By Terry Hall in Wellington

GPG, the London-registered investment vehicle of Sir Ron Brierley, narrowly escaped having its shares suspended on the New Zealand Stock Exchange when it met a second deadline to file an annual report.

The company, whose shares remain suspended in London, was given a warning on January 31 for failing to supply accounts, and set the new deadline. Sir Ron Brierley, chairman, blamed the delay on the company's adoption of new British accounting standards.

In December, GPG reported pre-tax profits more than doubled to £10.8m (£4.7m) for the year to September 30.

Earnings per share rose from 1.49p to 3.38p. No dividend is declared.

This is the first set of annual results after the formation of the company from a rump of the Guinness Peat financial services group. GPG, which started as a shell company with $115m in cash a year ago, now holds 25 stocks.

GPG lifted its investment in listed companies to £25.6m (£23m). Its Australian listed holdings had a market value of £19.6m (£9.7m) invested in the rest of the world. The market valuations compared with a purchase price of £14.5m (£7.83m).

Tarmac chairman gives up day-to-day control

By Andrew Taylor, Construction Correspondent

Tony Andrews

Neville Simms: will continue centralisation policy

SIR ERIC Pountain, for more than a decade chairman and chief executive of Tarmac, is to give up the day-to-day running of Britain's biggest construction and building materials group.

He is to remain as chairman but will be replaced as chief executive by Mr Neville Simms, chief executive of Tarmac's construction division.

Mr Bryan Baker, group managing director, will become deputy chairman.

Tarmac, which grew dramatically during the 1980s, has seen its profits fall sharply during the past two years as a result of recession in the UK housing market and a downturn in US construction markets.

The share price, which has fallen by almost 60 per cent during the past 12 months, last night closed 1p down at 119p compared with a peak of 282p last March.

Sir Eric, who will be 60 next year, denied that management changes had been prompted by dissatisfaction with the company's recent performance.

He said: "Both Bryan Baker and myself reach the company's official age for retirement next year. It was important that management succession was assured. We would have taken this decision irrespective of the position of the company. Mr Simms is 47 and is extremely able, having run a highly successful construction business."

Tarmac's pre-tax profits between 1978, Sir Eric's first year as chief executive, and 1988 rose from £26.5m to £393.1m.

During that period the group became Britain's biggest housebuilder, constructing more than 11,000 homes a year.

In 1990, pre-tax profits fell to £190.7m. Stockbrokers' recent forecasts suggest that pre-tax profits could have fallen to between £40m and £60m last year which could put the final dividend under threat.

During the 1980s Tarmac developed a decentralised management system which gave divisional chief executives the freedom to develop their businesses during a period of high growth in construction demand.

Mr Simms said that during the past 12 months Tarmac had been taking a greater degree of central control over divisional strategy, investment and performance. That had been in response to the harsher trading conditions in the 1990s.

He said: "I expect to continue this policy which is in line with the approach I have taken in the management of Tarmac's construction division."

See Observer

Conrad Black interested in Maxwell newspapers

By Raymond Snoddy

MR CONRAD BLACK, chairman of the Daily Telegraph, fresh from his acquisition of the Fairfax group in Australia is interested in the New York Daily News.

The future of the tabloid daily taken over by Mr Robert Maxwell in March is uncertain following the death of Mr Maxwell and the collapse of his empire.

The loss-making newspaper, which was part of the private Maxwell businesses, filed for protection against bankruptcy in December.

Mr Black confirmed yesterday that he had expressed a general interest in the Maxwell newspaper properties and added that it was "conceivable" that he could become a serious contender for the Daily News.

Mr Black, who owns 85 per cent of the Daily Telegraph group, said last night that the Daily News "used to have a franchise. I'm not sure it still does."

The paper had been on strike for four months before Mr Maxwell was given $60m by its previous owners, the Tribune Group, to take it over. During the strike a non-union paper was produced, but circulation fell from 1m to about 300,000.

Following the Fairfax deal, Mr Black is interested in looking at any significant newspaper property that comes on the market.

Apart from Ma'ariv, the Israeli daily, Mr Black has registered a general interest in Mirror Group Newspapers. As the owner of a Conservative broadsheet newspaper, he does not regard himself as a likely or even particularly credible proprietor for a Labour-supporting tabloid.

The Telegraph chairman's main interest lies in the Scottish titles of MGN, which include the Scottish Daily Record, the Sunday Mail and a chain of weeklies. A serious Black interest in the former Maxwell Scottish titles would also cause less monopoly problems.

At the moment, however, Arthur Andersen, the administrators of the private Maxwell interests including a 51 per cent stake in MGN, are insisting that the shares are not for sale and that when they are sold, it will be a single group.

MCC vehicle fleet offshoot in administration

By Angus Foster

A vehicle fleet subsidiary of Maxwell Communication Corporation has been placed in administration after more than £1m was removed from a bank account in early December, following the death of the publisher Mr Robert Maxwell.

Mr Peter Dunn, of Latham Crossley & Davis, appointed joint administrator on Monday, said Maxwell Fleet & Facilities Management's failure stemmed from cashflow difficulties. MCC removed more than £1m, in several transactions, from an account designated MCC re Maxwell Fleet & Facilities Management for the purposes of group financial support, he said.

The withdrawals were authorised by individuals other than the company's two working directors, who say they were unaware of the transactions at the time.

The company was established by Mr Maxwell to provide in-house fleet management and parcel distribution. It later expanded to service companies from outside the group, and handled more than 3,000 vehicles.

Bryant advances 5% to £9.8m despite fall in house prices

By Richard Gourlay

BRYANT, the housebuilder, yesterday reported a 5 per cent profits increase in a market dogged by the sluggish economy and a lack of consumer confidence ahead of the election.

The West Midlands-based company is expecting confidence to remain depressed until after the election.

"The cost of buying is not a problem at the moment," said Mr Andrew Mackenzie, managing director. "There is a concern in the marketplace about the possibility of increased taxation."

Pre-tax profits in the six months to November 30 rose from £9.3m to £9.8m on sales up 14 per cent at £153.5m. Earnings per share were 0.3p lower at 2.5p; the interim dividend is maintained at 1.4p.

Mr Michael Chapman, finance director, said operating margins had only fallen from 9 per cent to 7 per cent despite the worst recession for years.

Gearing fell from 5 per cent to 2 per cent on debt of £4m at the period-end. The group said it would continue to acquire land at the right price but would not raise gearing beyond 25 per cent by the year-end.

Mr Chris Bryant, chairman, said that despite a further downward drift in selling prices, the group managed a 20 per cent increase in the number of completions during the period to 1,140 units.

Bryant was placing greater emphasis on the three to four-bedroom house market which would raise the sale price per unit.

COMMENT

Bryant has successfully maintained sales volumes through aggressive pricing and with low gearing it is also well placed to be rebuild its landbank at favourable prices. But with the property and construction divisions unlikely to provide any excitement, strong recovery depends on the unpredictable housing market. It does not take a wildly unlikely scenario – slower than expected economic recovery and/or the return of a Labour government – before the dividend begins to look vulnerable. This year the dividend, if maintained at 4.8p, is barely covered by earnings of 5.3p on anticipated profits of £20m. At a multiple of about 19, Bryant is looking fully priced although it will be supported by its above average yield for the sector.

AES announces rescue plan

ASSOCIATED Energy Services, the construction, household goods and industrial equipment group, shares of which have been suspended on the USM since November, yesterday unveiled a rescue plan together with an interim loss of £287,000.

Turnover for the half year to May 31 was slightly ahead at £1.15m against £1.29m, but operating losses increased to £280,000 (£63,000).

Losses per share were 1.04p (0.25p).

The rescue plan involves a combination of capital restructuring and expansion via the acquisition of Guardian Foundations (Southern), a specialist underpinning company, and Cellular Communications Network, which distributes mobile cellular equipment.

The purchase of Guardian (Southern) will be satisfied by the issue of 66.2m new shares, representing approximately 69.8 per cent of AES' enlarged share capital.

The acquisition of Cellular is for an initial nominal £1 and a deferred profit related payment not exceeding £499,000.

A reconstruction and reduction of the share capital is also planned.

The reconstructed capital will consist of 94.9m shares of 1p each.

The proposals require shareholders' approval. An extraordinary meeting is scheduled for March 5.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Amstrad	int	0.4	Apr 22	0.4	-	1.4
Bryant	int	1.4☆	May 5	1.4	-	4.8
Dudley Jenkins §	int	1.35†	Apr 3	1.20	-	4
Elbief	int	nil	-	0.161	-	0.5
Fleming O'seas	int	1.5	Mar 30	1.5	-	4
Manchester Ship	fin	4.5	Mar 27	4.5	4.5	4.5
West Trust	int	nil	-	0.25	-	0.25
YRM	int	1.65	Mar 27	1.65	-	5

Dividends shown pence per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Carries scrip option.

UK COMPANY NEWS

Pathfinders in reverse takeover

By Jane Fuller

AN ELECTRICAL wiring business built up by the former joint head of Thomson T-Line is coming to the main market via a £15.2m deal with Pathfinders Group, a small media recruitment company.

Mr Hugo Biermann, who will become chairman of the new group, and his partner Mr Nicholas Toms, are bringing in their two companies, Cables & Flexibles in the UK, and Seacoast in the US. They and another director will end up with 26 per cent of the enlarged group by taking the payment in shares.

Considerations total £9m and another £6m-plus is being raised to repay debts. The transactions include a share placing and 1-for-1 rights issue, both at 8p, to raise £7.42m. Pathfinders' shares were suspended on the USM two months ago at 10p.

Cables & Flexibles, a distributor, was acquired in 1987 by Thomson T-Line. Mr Biermann's aim was to build up an industrial distribution group.

Along the way Vernons, the football pools business, was bought as a cash generator. This brought Thomson to the notice of Ladbroke Group, which acquired it for £186m in February 1989.

Mr Biermann carried on with a previous Thomson plan to acquire Seacoast, and then in March last year bought back Cables & Flexibles from Ladbroke.

He said the new group, which will be called Maddox Group, aimed to distribute, install and service wiring systems. This would initially involve small bolt-on acquisitions, with a larger one planned later this year.

Pathfinders is being used as a shell. Its biggest shareholder, Mr Stephen Hargrave, bought nearly 24 per cent of the equity 18 months ago, at 3¼p per share, from Mr Stephen Worth and his wife Ms Andrea Rose.

For the six months to September 30 it incurred a pre-tax loss of £83,000 on turnover of £183,000. In the five months to that date Cables & Flexibles made a pre-tax loss of £277,000. Seacoast made \$2.2m (£1.21m) trading profit and \$893,000 pre-tax in nine months.

For 1992, Williams de Broë, the company broker which is underwriting the rights issue, is forecasting that the group will make £2.6m pre-tax on turnover of about £40m, with earnings per share of nearly 8p. On net assets of £5.5m, initial group gearing is expected to be 25 per cent. At 8p, the market value will be £18m.

YRM falls 40% and sees no sign of improvement

By Angus Foster

YRM, the architecture and building design company, announced a 40 per cent contraction in interim profits as the recession in the construction industry continued to bite.

The pre-tax outcome for the six months to October 31 amounted to £534,000, against £888,000 last time, on turnover down to £10.2m (£12.3m).

Mr Tim Poulson, chief executive, said: "the year ahead will be as difficult as any we have faced so far, but we are in good shape to face it."

The group has fared better than some of its competitors, partly because it is broader based and partly because it has cut costs aggressively. Staff numbers have been reduced by about 30 per cent since 1990.

It has been appointed consultant for the European Bank for Reconstruction and Development in London, and has also won the commission for the New Museum of Scotland.

Directors hope that overseas business, which accounted for 3 per cent of turnover, could be lifted following the opening of an office in Berlin and a joint venture in the Middle East.

Mr Poulson said overseas earnings would increase to 5-10 per cent of total turnover this year. The company has a longer term target to lift that figure to 25 per cent, he added.

Earnings dropped to 2.54p (4.1p) but the interim dividend is maintained at 1.65p.

Manchester Ship lifts operating profit 23%

By Ian Hamilton Fazey, Northern Correspondent

MANCHESTER Ship Canal reported a 48 per cent fall in annual profits as an improvement in port operations along the 36-mile canal failed to offset an 85 per cent drop in income from exceptional property dealings.

Pre-tax profits for 1991 amounted to £10.8m (£20.7m), but the previous year's results included nearly £12m of exceptional net income from the sale of canalside land near Warrington for waste disposal.

Port operating profit expanded 23 per cent to £5.25m (£4.27m) on turnover almost unchanged at £20.2m (£19.8m) and less tonnage handled.

Mr Robert Hough, chairman, described the results as "very satisfactory" because profits before exceptional income and expenditure were a record £9.62m (£9.55m). With property income only marginally up at £4.65m, investment income 38 per cent down at £1.43m and interest charges higher, the improvement came from better port operations, where staffing costs and operating charges have been reduced by 27 per cent in four years.

About two thirds of the company's shares are now owned by Peel Holdings, whose chairman, Mr John Whittaker, took control of the canal through a private company after a bitter takeover battle in 1987.

Mr Whittaker's original policy was to plough back all profits, but Manchester Ship eventually returned to the dividend list last year. The dividend is unchanged at 4.5p.

ICI streamlines legal department

Imperial Chemical Industries is again streamlining its head office legal department by devolving all UK litigation to Hammond Suddards, the Yorkshire-based solicitors.

Mr Victor White, group solicitor and secretary of ICI, said the change would allow group headquarters to focus on supporting the company's executive.

A desperate need for hits in an intensive price war

Michiyo Nakamoto looks at Amstrad, a 1980's success story, as it reports a first-time loss

IN EARLY 1990, after Amstrad had suffered a sharp deterioration in profits, Mr Alan Sugar emerged from one of the rockiest periods in his company's history and declared that he had put the bad times behind him.

The next financial year, he stated confidently, "will be the year to make money."

Two years later, in the face of the first loss his company has ever reported, Mr Sugar is making no such predictions yet.

The group which he built up from scratch into a major success story of the 1980s is facing what could be its most difficult test to date.

Amstrad is having to retreat in major product areas at a time when it has not yet found the next blockbuster hit to keep the group going.

The PC market, which it depends on for over 40 per cent of turnover, is in turmoil.

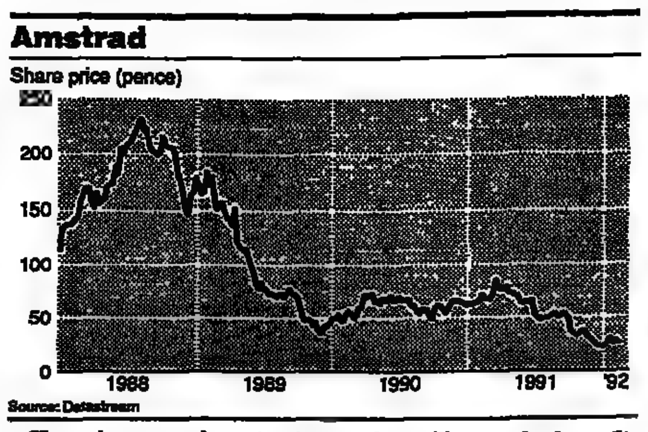
Production of PCs has been halted since last summer in an effort to reduce stock levels and speculation that Amstrad will pull out of the PC market altogether prompted a statement by Mr Sugar of his commitment to the computer market.

Recession in major economies throughout the world and the changing market environment for PCs has forced manufacturers at the higher end of the market, such as IBM and Compaq, to slash their prices.

Amstrad, which built up a significant market share largely on the strength of competitive pricing, has been a major loser in the price wars which have robbed it of its main advantage over the larger industry leaders with their premium brands.

Conditions in its other product markets have been just as dismal in the prolonged recession. The market for VCRs and home computers have been a battleground for intense price competition.

In the case of home computers the competition has been such that Amstrad has had to pull out of the market for games and entertainment computers where it was faced by the formidable popularity of Nintendo games.



The only areas where Amstrad has maintained resilience are in satellite receivers and dishes, its second largest consumer product category, fax machines and word processors.

However, even in the satellite division where sales have been buoyant, profits have been affected by the slowdown on the continent, particularly in Germany where Amstrad has been building up satellite market share.

Amstrad's current plight raises the question of whether the group's strategy of providing consumer electronics and computer products at competitive prices, is appropriate in the more sober and more competitive trading environment of the early 1990s.

Its response to the situation so far has been to make sure its house is in order to weather the tide.

It has introduced management and financial controls, kept inventory control a priority and strengthened its balance sheet.

If Amstrad can see through the current storm, with the help of its restructuring program and healthy balance sheet, it is bound to come out of the recession leaner and stronger than it was when it went into it.

With an optimism only slightly more measured than two years ago, Mr Sugar points out that the large PC manufacturers have suffered just as heavily from the price competition and "once their inventories have been depleted the market will come back profitably for Amstrad."

As soon as the recovery comes, Amstrad will be able to ride ahead again on the strength of its competitive prices and new products.

The group has already proved with its double deck VCRs that it can still deliver a market hit in the middle of a recession.

Mr Sugar has shown himself to be a tireless source of inspiration for new ideas for the consumer market and Amstrad is still a flexible enough organisation to move in quickly to take advantage of gaps in new product areas and out again when the going gets rough.

The recently announced decision to return to its audio roots and move out of the computer games business at least for a while, suggest that it can still play that game well.

The question in the short term is, if Amstrad intends to stick to its strategy of bringing competitively priced hit products to the market to stimulate sales, where are those profits likely to come from?

Last autumn it announced a colour laptop computer and notebook PC which it has been putting considerable effort into developing.

These are likely to be the more popular products this year, but whether or not they will measure up to the earlier success of Amstrad's PCs is still open to debate.

The videophone, another product which Amstrad expects to be a major hit, is still very much in the engineering stage and unlikely to be a mass market item until at least 1993. Even then, unlike Amstrad's previous hit products, the videophone is a relatively new concept that is going to need to build up consumer acceptance.

Without the blockbuster hit, a return to the peak turnover level of over £600m it achieved three years ago is "a very distant target," says Mr Mark Loveland at Warburgs.

In the long run, Amstrad will need to address the question, of whether its strategy of providing basic technology to the mass market at the lowest possible prices is still relevant in a changed environment for many of its markets.

The philosophy that supported Amstrad's growth from a small one-man operation to a company with a turnover exceeding £600m, was to provide standard products in consumer electronics that were stripped of unnecessarily complicated gadgets but did the job well enough for the average consumer.

Its strength was based on its ability to deliver these goods, many of which were also hit products based on simple but inspired product improvements, at extremely low prices.

The strategy clearly works when the products that are targetted are based on relatively new or complicated technology that commands premium prices. In its high growth period, Amstrad was able to take advantage of demand among consumers who were willing to forego brand premium for simple and competitively priced electronics products and more recently, computers.

But once those products become commodity products, subject to price cutting by manufacturers at the top end of the market, the strategy leaves Amstrad with little to compete on.

That strategy crumbled under fierce competition that has driven it out of the home computer sector and raised considerable doubt about its commitment to the PC sector.

Mr Sugar says that the group has no intention of moving into technology led businesses or the high end of the market. "Our vocation is always in the lower end of the market, especially in recessionary times," he emphasises.

In order to be profitable with that vocation Amstrad needs to ensure it has the lower end of the market to itself, or that at least it has a dominant share of it.

Given the intense pressures facing consumer electronics and computer manufacturers, it is unlikely that that is a luxury that can be counted on. But Amstrad can no longer say that it does not know what it is like not to be alone in its sector of the market.

Ashley Ashwood

Alan Sugar: vocation at the lower end of the market

NEWS DIGEST

West Trust moves to diversify

WEST TRUST is taking the first step of its planned diversification into the food industry and is at the same time reducing its exposure to textiles.

It is buying Bart Spices, a high added-value herb and spice packing business which supplies most of the leading UK supermarket chains, for £2.5m, and selling Indo African Exports, an importer and merchant of grey cotton and polycotton cloth, to its management for £2.9m cash.

The group also announced interim figures, showing a reduction in profits from £191,000 to £36,000 for the six months to September 30. There is no interim dividend but the board intends to pay a final of 0.25p; last year the interim was 0.25p but there was no final. Earnings per share were 0.06p (0.85p).

Margins were eroded because of the economic climate and Indo African had to provide an estimated £136,000, of which £54,000 is included in the half year, for a doubtful debt. Indo African requires a high level of working capital and its borrowings represent about 80 per cent of total group indebtedness.

The consideration for Bart will be satisfied as to £250,000 cash and the issue of 54.4m shares. The vendors will retain 16.9m shares and the balance, plus a further 33.43m shares raising £1.3m, will be offered to shareholders on a 13-for-10 rights basis at 4p each. The total of up to 87.8m shares being issued represents 61.69 per cent of the enlarged capital.

Vendors have guaranteed Bart's pre-tax profit at not less than £212,000 for the nine months to September 30 1991.

All proposals are subject to shareholders' approval at an extraordinary meeting on February 27.

Fleming Overseas net assets at 222.5p

The net asset value of The Fleming Overseas Investment Trust stood at 222.5p per share as at December 31 1991.

The figure represented a gain of 19 per cent on the same stage of 1990, but a decline of some 7 per cent on the trust's year-end figure of 239.6p.

Distributable revenue for the six months to end-December amounted to £2.37m (£2.48m) for earnings of 1.78p (1.86p) per share. The interim dividend is maintained at 1.5p.

Redland gets just 1.7% of Steetley

The hostile £630m offer by Redland for Steetley, its rival building materials group, had, by 3pm on Monday, been accepted in respect of 2.65m ordinary shares, representing about 1.7 per cent of Steetley's equity.

In addition, valid acceptances had been received in respect of 18,677 Steetley 3.15 per cent cumulative preference shares – about 4.8 per cent of the issued preference capital.

The offers and partial cash alternative have been extended until 3pm on February 24.

Cost cutting helps Dudley Jenkins

Cost cutting measures and "sensible adjustments" to activities helped Dudley Jenkins Group return to profit in the half year to October 31.

This USM-quoted list broker and supplier of mailing lists to advertisers recorded a pre-tax profit of £254,000. That compared with £376,000 last time and marked a recovery from losses of £36,000 incurred in the second half of last year.

In particular, list broking activities recovered in terms of trading and profitability.

Further measures in respect of rationalisation, new product development and efficiency were in hand.

Sales fell to £4.73m (£4.88m). Earnings per 5p share came to 2.54p (3.7p) and the interim dividend is stepped up to 1.35p (1.3p).

£57,000 first half deficit at Elbief

Despite an upturn in the second quarter Elbief ran into a loss of £57,000 for the half year ended October 31 1991, and is passing the interim dividend.

Sales of the Elite range of clocks, mirrors and photoframes had varying fortunes; the US was badly hit by recession but Europe and other export markets increased. Sales of handbag frames continued to decrease.

Overall, turnover dropped 8 per cent to £2.27m after being 27 per cent down in the opening three months. Despite cutting overheads and other cost savings, the group was unable to avoid the loss, which compared with a profit of £55,000 previously.

Losses per share worked through at 0.04p. Last year there were earnings of 0.043p from which an interim dividend of 0.181p was paid.

BOARD MEETINGS

TODAY

Interims- Allied Leisure, News Corporation.

Finals- Fleming Fledgeling Inv Trust, General Consolidated Inv Trust, Moorfield Estates, Reuters, St Modwen Properties, Throgmorton USM Trust, Wickes.

FUTURE DATES

Interims-

Hays	Mar. 3
Macro 4	Feb. 27
New Zealand Inv Trust	Feb. 19

Finals-

Croda Intl	Mar. 31
Graseby	Mar. 17
Leslie Wise	Feb. 19
Lilleshall	Mar. 2
Pendragon	Mar. 24
Ranger Oil	Feb. 25
USDC Inv Trust	Mar. 9
Williams Hldgs	Feb. 27

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 12.02.92: Pool purchase price £/MWh	Final Prices for Trading on 10.02.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.13	17.26	17.26
0100	17.46	19.81	21.50
0130	17.47	20.00	20.26
0200	17.47	20.00	20.21
0230	17.16	19.86	21.50
0300	17.16	19.83	21.50
0330	17.14	19.83	21.50
0400	17.12	17.16	17.16
0430	17.10	17.17	17.17
0500	17.10	17.17	17.17
0530	17.07	17.17	17.17
0600	17.07	17.17	17.17
0630	17.06	17.17	17.17
0700	17.38	18.73	21.71
0730	18.02	19.81	21.50
0800	18.09	20.00	22.02
0830	25.22	20.01	22.02
0900	26.62	20.05	22.05
0930	18.45	20.66	22.73
1000	19.46	24.80	26.97
1030	19.49	24.78	26.98
1100	18.09	24.78	26.94
1130	18.39	24.77	26.93
1200	20.07	20.38	22.40
1230	25.62	24.75	26.91
1300	25.62	24.74	26.88
1330	18.09	20.34	22.34
1400	17.89	17.70	17.70
1430	17.88	17.68	17.68
1500	17.88	17.68	17.68
1530	18.02	17.65	17.65
1600	18.02	17.78	17.78
1630	18.11	31.37	36.14
1700	22.46	50.83	56.54
1730	25.51	56.12	62.88
1800	26.92	60.36	67.13
1830	27.83	33.26	36.65
1900	21.82	23.40	25.80
1930	20.93	22.42	24.47
2000	19.43	22.32	24.36
2030	18.04	20.36	22.35
2100	17.66	19.79	21.77
2130	17.14	19.56	21.63
2200	17.06	19.56	21.54
2230	17.06	19.56	21.54
2300	17.07	17.19	17.19
2330	17.04	17.16	17.16
2400	17.04	17.19	17.19

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

BUSINESS AND THE ENVIRONMENT

Andrew Fisher examines the progress being made in bringing eastern Germany up to western environmental standards

Counting the cost of cleaning up

It seems like an almost impossible task. By the start of the next century, Germany hopes to bring its economically ailing and underdeveloped eastern states – now part of a united country for only 16 months – up to the environmental standards of those in the west.

Some experts say it just cannot be done. Others are confident that the necessary financial, industrial and political muscle will be brought to bear on the problem and that east Germany will become an environmental showcase.

The end result is likely to be somewhere between the two. Germany's unification treaty stresses the importance of raising environmental standards in the east both to improve the quality of life and as part of the whole economic reconstruction process. More than DM60m (£21m) has been spent on studies alone to assess what needs to be done and what is feasible.

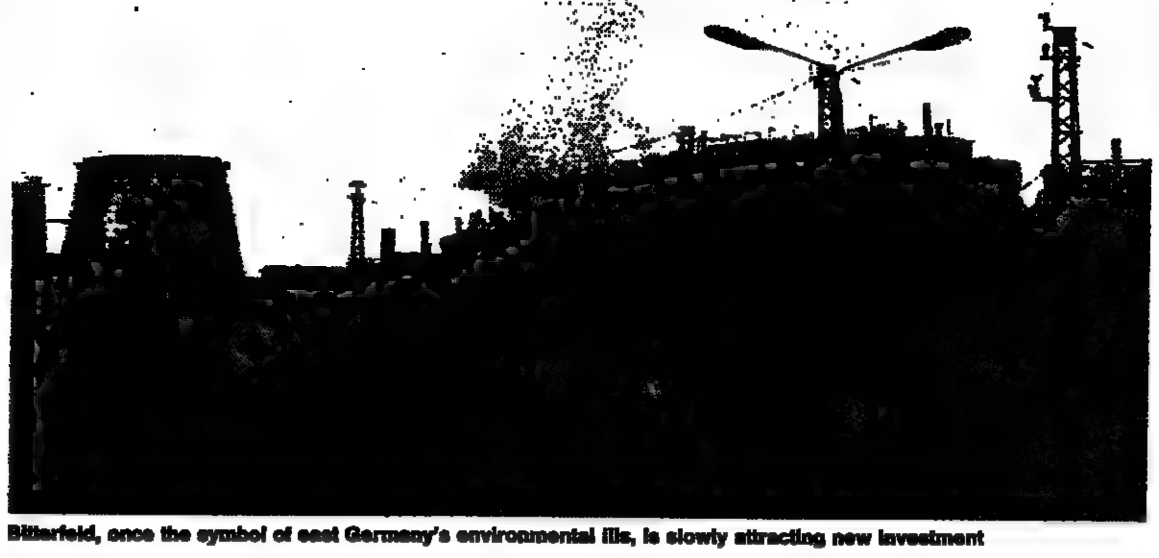
What the experts do not dispute is that the whole process will be extremely costly; the Ifo economic research institute in Munich estimates around DM200bn, though others go much higher. The old east Berlin government treated the issue of pollution with notorious disdain, forbidding concerned citizens to seek out the real facts. The environment was a taboo subject. What was important was economic success and self-sufficiency in industrial and energy production. "Nature was exploited," says Karl Eugen Huthmacher, an environment ministry official.

Today, it is apparent that progress in clearing up east Germany's environmental mess is being made. For anyone going to east Germany for the first time after the border was opened in November 1989, one important change is obvious – the air smells cleaner. Heavy use of lignite (brown coal) for domestic and industrial power gave the air an unpleasant tang which has now been lessened as the worst plants have been shut.

Improvements of this kind were inevitable as outdated industrial factories were closed, either because they were dangerous or filthy or both, or because they could not keep pace with the demands of the free market economy. Emissions of noxious fumes have fallen dramatically, as has the pollution of rivers and lakes by waste chemicals. "The main successes have come from economic restructuring rather than an active environmental policy," comments Huthmacher.

Two of the worst industries in pollution terms were chemicals and metal processing. Bitterfeld, the town which housed one of east Germany's biggest chemical complexes, became a byword for the industrial fouling of the land, air, and water. The name symbolised east Germany's environmental ills all too aptly; as well as the mouldering chemical plant, a factory producing lignite briquettes also contributed to the stench and dirt.

Bitterfeld lies in the heart of the industrial complex between Leipzig and Halle, both historic cities which suffered from the weight of industrial development. Not far outside Leipzig is an opencast lignite mine, which devastated a vast area of landscape as the coal was brutally scooped off the ground by huge excavators. From the air, it looks like an arid moonscape where life never existed.



Bitterfeld, once the symbol of east Germany's environmental ills, is slowly attracting new investment

Centred on Halle is a huge chemicals complex, which accounted for half of east Germany's toxic waste and 30 per cent of its water and air pollution. Slightly to the west is Eisleben, the headquarters of the Mansfeld metals complex. Scattered around the countryside are big slag heaps. In the shadow of one, near a collection of tumbledown outhouses where ducks waddle among old pieces of machinery, is an arresting little reminder that western standards are being introduced. In a neat row stand six containers – blue for wastepaper, grey for cans, yellow for plastic, and white, green, and brown for glass.

Ironically, notes Ifo, east Germany did specify the protection of nature in its constitution, one of the few countries to do so. But it is only in the past two years that environmental consciousness has been allowed to develop. Because of past neglect, the clean-up job looks forbidding:

● Air. East Germany had the worst air pollution in Europe, mainly because 80 per cent of electricity was produced by sulphur-rich brown coal. Power plants had no filters. By 1996, the government's aim is to reduce sulphur dioxide pollution by 4.2m tonnes a year and that of dust particles by 1.3m tonnes. This will mostly be the job of the utility companies which are investing heavily in the east. Nearly 280 large power plants will have to be modernised.

One change is obvious in east Germany – the air smells cleaner

In the state of Saxony-Anhalt, containing the bulk of the chemical industry, sulphur dioxide emissions have been cut by 30 per cent and of dust by 40 per cent, says Huthmacher. By 2005, the plan is to lower the amount of carbon dioxide in east Germany's air by 40 per cent.

● Water. With 45 per cent of rivers too heavily polluted for use as drinking water and only 35 per cent capable of being brought into such use with complex, expensive technology, the water problem is one of the most acute in east Germany's environment. Industrial closures and modernisation have led to a steep drop in the chemical pollution of the River Elbe, which flows graciously through Dresden – its mercury content has been halved – but further progress will be costly.

One disadvantage for east Germany is that its water lies at a lower average level than in the west, thus putting it closer to the sources of pollution and reducing its capacity for self-purification. Only 75 per cent of the 16m population is connected to a sewage system and less than 60 per cent to treatment plants. Several thousand miles of sewage pipeline will thus have to be built to accord with west German standards.

In the lakes, only 1 per cent the water is suitable for drinking. Names like Silver Lake, near Bitterfeld, and Sweet Lake, near Eisleben, belie the real state of their contents. With its imposing shoreside castle, Sweet Lake was an important tourist area under the old regime. But the lake has suffered from sewage and heavy use of fertiliser. A study of the Mansfeld area commissioned by the government described the water as being in "an extremely endangered state".

● Ground. Here, the problem encompasses contamination by industry, mining, uncontrolled waste disposal on open dumps, and by troops, East German and Soviet. Altogether, some 28,000 sites have been identified as possibly being contaminated. Ifo reckons the clean-up cost could be DM10bn. This does not include cases like the uranium mines and enrichment plants, agricultural sites, brown coal pits which need recultivating, demolishing the closed nuclear plant at Greifswald, or the 280,000 hectares which Soviet troops occupied. These could cost an extra DM170bn.

At present, only the worst industrial sites are being cleared, partly in preparation for new investment. To keep former employees busy, at least temporarily, many are now helping clear the sites where they once worked. Heinrich Bonnenberg, a director of the Treuhand privatisation agency, says it will be impossible to spend as much as DM200bn for total soil decontamination – "these are fantasy figures". The east German states, still short of money, will only be able, with Bonn's help, to tackle areas of highest priority.

Even when these have been identified, the task of cleaning up has to be linked with new investment prospects, decisions on which industries or sectors can survive and which must close, and local employment needs. Investing companies do not want to be saddled with huge expenses caused by past pollution. On the other hand, the government and the Treuhand want to ensure that they bear at least some of the environmental costs.

Encouragingly, some of the most notorious regions have turned out to be not as polluted as feared. In the Mansfeld metalworking area, for instance, experts have discovered that ground pollution is confined mainly to the smelting sites and has not infected nearby rivers and streams.

On the other hand, there is plenty to be done. High concentrations of arsenic, cadmium, and zinc have been found near an old lead smelter. Helmut Wöpkemeier, the head of the Mansfeld group, says it could cost up to DM2bn to remove the waste caused by copper mining and processing. Attracting new investment is also proving hard.

The same is true at Bitterfeld, though Bayer, the west German chemicals group, is among several companies moving into the area. As with Mansfeld, the number of jobs that survive will be only a fraction of those employed at the old East German kombinats (conglomerates). "We are dealing with abstract figures," says Volkmar Kayser, also of the Treuhand, "but the human and social dimensions are enormous." Among these are the state of the environment. Here, at least, change in east Germany can only be for the better.

Garbage guru wastes no time

By John Thornhill

Garbology is a curious-sounding academic discipline which the uninitiated might think involves the study of Greta Garbo films. Unfortunately for its adherents, garbology lurks at the other end of the glamour spectrum; it is the knowledge of garbage.

Its proponents claim that much can be learned from the study of fresh garbage, and Professor Bill Rathje, the field's leading expert, talks about the topic with near-missionary zeal. Whenever more than three people gather to talk about domestic waste, it seems, up pops Rathje to rail against the popular misconceptions and regulatory ignorance that surrounds the topic.

A voluble American with greying hair and expressive eyebrows, Rathje has become something of a fixture at environmental conferences amusing delegates with tales of derring-do among the detritus of the modern world.

The author of several books on the subject – including Rubbish! and the History of Garbage – Rathje takes his subject seriously. And his studies serve a serious purpose. How can politicians regulate to reduce waste if they do not know what it consists of, he asks.

'Biodegradability is the biggest myth since Santa Claus'

Rathje and his team from the University of Arizona adopt a scientific approach to their subject. They extract a vertical cross-section of a garbage tip by use of an adapted drilling rig, sift and sort the waste and evaluate its composition. They have unearthed some surprising discoveries.

"I am an archaeologist, which means I was trained to look at ancient societies by looking at very old garbage. In 1973 I started looking at fresh garbage. We can learn something new about ourselves," he told a recent conference.

Most people assume that garbage – or rubbish as it's known east of the Atlantic – consists largely of fast food containers, packaging waste and soiled nappies. People make a natural conceptual extrapolation that what looms largest in their own garbage cans must represent the bulk of landfill sites. Many believe polystyrene foam accounts for 25 to 40 per cent of all waste.

Not so, according to Rathje. From his studies of 15 North American landfill sites, he has found that all forms of disposable food packaging make up only 0.5 per cent of total waste. The vast bulk is accounted for by paper products and construction waste.

Surprisingly, he suggests that it is wrong to see paper as a benign form of waste. A common feature of landfill sites is that the sheer weight of the garbage squeezes out the oxygen and water necessary for micro-organisms to exist and prevents raw materials from degrading. As garbologists are fond of observing: "Biodegradability is the biggest myth since Santa Claus."

The European Commission would perhaps do well to consider Rathje's conclusions when framing the final draft of its packaging waste directive. His findings may do something to alleviate the pressure on the packaging industry, which is unfairly regarded as one of the great scourges of the modern "throw-away" society.

But no one should underrate the scale of the waste problem. Rathje said that when he was at school he learned that the biggest man-made structure in the New World was the Temple of the Sun in Mexico, built around 2,000 years ago. But he has since calculated that a single landfill site overlooking San Francisco bay is almost five times as big.

In spite of his enthusiasm for his subject, Rathje accepts that a career in garbology does have obvious drawbacks. He swears that you do not notice the smell of a landfill site after 10 minutes of breathing in the fumes but admits that the odour stays with you. "I took my crew to a Pizza Hut for lunch and cleared it out in five minutes. The manager came up to me and said: 'For you guys we'll deliver'."

COMMODITIES AND AGRICULTURE

Agricultural situation 'not sustainable', Major warns

By David Blackwell

THE AGRICULTURAL industry has to face up to change because the present situation is simply not sustainable, Mr John Major, the prime minister, told the National Farmers' Union's annual general meeting in London yesterday.

Pointing to the deadlock in the Uruguay round of negotiations in the General Agreement on Tariffs and Trade as well as the escalating cost of Europe's Common Agricultural Policy, he said: "Consumers and taxpayers both spend a good deal more, and yet what happens to that? Farmers earn less and less, food is in surplus, trade is distorted, developing countries are damaged, the pressures on the environment increase and the costs grow out of all proportion to the benefits".

The government had intervened so often and so much in agriculture that it could not wash its hands of the agricultural industry. While both Gatt and CAP reform were not wholly within the remit of the UK government to solve, said Mr Major, it would "be working hard for solutions which do not put an undue burden on our own farmers and on our own industry".

Earlier Mr David Naish, the NFU president, attacked governments for dithering over Gatt and CAP reform, which he described as "a danger at any time. With UK farm incomes at rock bottom, they threaten the very being of our industry".

Investment was collapsing, and incomes were in long term decline. Each week 250 people left the land, said Mr Naish.

Mr Major – the first prime minister to address an NFU AGM – said that agriculture had been a distorted market for decades, and the best long-term answer was to reduce the distortions. Farmers would then have to adopt business practices to succeed. The future would be more competitive, "and those who succeed will be those who adapt and prepare and meet that competitive market head-on".

Mr Major said agriculture was not a declining industry, but a changing industry. "Acre for acre, crop for crop, and herd for herd we still have the best farming industry in this country that you can find anywhere in the world, so you can compete and the opportunities for us to do so are clearly going to be there."

● Planners, farmers and conservationists will next month attend a government seminar examining countryside planning controls, the prime minister told the NFU.

European Community farm ministers have finally started the hard bargaining needed to get the Common Agricultural Policy reformed, EC officials and diplomats said yesterday after a two-day meeting of the council of farm ministers, reports Reuter from Brussels.

"They're into the horse-trading stage. . . [Mr Ray] MacSharry's [the agriculture commissioner] pushing it," a commission official commented after a discussion led by the Portuguese chairman, Mr Arlindo Cunha, whose country holds the EC's rotating presidency.

Mr MacSharry's CAP reform involves streamlining a system that is chronically prone to costly, subsidised overproduction. The cereals, beef and dairy sectors continue to be the biggest headaches.

'Mad cow' disease spreads to antelopes

By David Owen

SPONGIFORM encephalopathies – the condition known in cattle as "mad cow disease" – have been found in Britain's sparsely-scattered antelope population, the government has admitted.

Three elands, three greater kudu and an arabian oryx have been diagnosed with the disease over the past three years. In all, six species other than cattle have been confirmed with the condition during this period.

The statistics – released in response to a written question from Mr Ron Davies, a Labour agriculture spokesman – show a disconcertingly rapid increase in the number of sheep found to have the disease.

A total of 894 cases of sheep encephalopathies or "scrapie" were diagnosed in 1991, versus just 348 a year-earlier. However, the government states in a footnote to the table that the reporting of scrapie in sheep has been encouraged since 1991 "to obtain material for spongiform encephalopathy research".

Since 1989, the condition has also been confirmed in 23 cats and 23 goats.

Mr David Maclean, junior agriculture minister, stressed that naturally occurring spongiform encephalopathies in species other than cattle were not notifiable diseases.

He said there was "insufficient epidemiological data" to "draw firm conclusions" as to how the disease might have been contracted in cases other than scrapie.

Scrapie, he said, was considered to be transmissible "both maternally and horizontally".

Sugar output up 19% in Thailand

Thailand's sugar output in the first three months of the 1991-92 (November-May) cane crushing season rose 19 per cent from a year earlier, according to the cane and sugar office of the industry ministry, reports Reuter from Bangkok.

It said 45 of Thailand's 46 sugar mills processed 20.02m tonnes of sugar cane between November 5 and January 31, compared with 16.82m tonnes from all 49 mills in the 1990-91 period.

The mills operating since November produced about 1.81m tonnes of sugar, up from 1.45m tonnes.

The cane and sugar office said each tonne of cane yielded an average 96.33 kg of sugar in the current season, compared with 85.94 kg in 1990-91 a year ago.

'Copper mine boost needed by 2000'

By Kenneth Gooding, Mining Correspondent in Washington

COPPER MARKET growth would require another 1.4m short tons (2,000 lb) of new mining capacity by the year 2000 – equivalent to nine new world-class mines – according to Mr Richard Osborne, chairman of Asarco, the US integrated metals group.

He suggested at the annual meeting of the American Mining Congress, the US industry's main trade association, that "by the middle of this decade the issues confronting this country and our industry may well be availability and access to new copper reserves".

Mr Osborne's forecast was one of the most optimistic to emerge recently from the copper producers. It contrasted markedly with one from Mr Phillip Crowson, chief economist at the RTZ Corporation, the world's biggest mining company, who said in December that there should be enough copper at all stages of its production to satisfy prospective demand. On mine capacity, Mr Crowson said that "fears over shortages are not only unfounded but positively misplaced".

Mr Osborne suggested that Mr Crowson was taking a less optimistic view than he of the future role of copper in communications. "Earlier fears of massive [market] losses to fibre optics have not materialised," he pointed out.

AT & T, the US communications group, recently said 2.5m miles of copper wire and cable would be installed in the US in 1992 compared with 141,000 miles of optical fibre. "Growth in both fibre optic and copper communication links is creating new demand for copper in devices at either end. In 1991 some 286,000 tons of copper was used in all forms in telecommunications in the US."

Mr Osborne said he agreed with suggestions that, instead of being replaced in telecommunications, "a more likely scenario is one in which copper 'handshakes' with other technologies in economic solutions that meet the realities of business and consumer demands."

Mr Osborne pointed out that US copper producers were now among the lowest-cost in the world but warned that, if they were to continue to play an important role in the US, they must have access to public lands to explore for new reserves and must have a mining law that provided the security of tenure needed to justify investment in new copper properties.

His forecast of mine capacity was based on the assumption that total world copper consumption, including that in the former communist bloc, would grow by 2.4 per cent annually to 2,000, increasing 1991's estimated consumption of 11.9m short tons to 14.7m.

● Copper prices would range between $2,000 and $2,400 a tonne this year, suggested Mr Yasuo Hamanaka, senior trader at the Sumitomo Corporation, in a paper prepared for the American Metal Market 1992 Copper Forum.

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	+2,000	to 1,072,150
Copper	−2,825	to 307,700
Lead	+800	to 131,650
Nickel	+6	to 18,750
Zinc	+225	to 175,150
Tin	−45	to 12,965

No celebrations over bumper tea crop

Mervyn de Silva reports on the problems facing Sri Lankan growers

SRI LANKAN tea production last year reached a record 240.7m kg, beating the 1990 figure of 233m kg. But the bumper crop was no cause for celebration: sales were down by 2 per cent and prices by more than 20 per cent.

Mr Michael de Zoysa, chairman of the Ceylon Tea Traders Association, estimates that sales totaled about 225m kg in 1991, down from 230m kg. And Mr Sepala Ilangakoon, president of the island's tea board calculates that in 1991 the average price per kilogram fell from 1990's exceptionally high figure of SLR70.97 ($1.77) to about R56 ($1.33 at the depreciated exchange rate).

Both Mr Ilangakoon and Mr de Zoysa agree that the chaos in the Soviet Union, a big buyer, Iraq's absence from the Colombo auctions and oversupply were responsible for the drop in prices. "Two good crops in 1989 and 1990 led to an over-supply situation in exporting countries, while importers were also over-stocked," says Mr Ilangakoon.

The large 1990 crop, coupled with attractive prices, tended to spoil producers, observes Mr de Zoysa. Meanwhile the the government exacerbated the situation by taking measures benefitting private owners of smaller tea estates, who are less able than the two giant state corporations, the SPC and the JEDB, to absorb wage increases.

These measures include a reduction in export duties, the tea cess (local tax) and the sales tax. At the same time a new credit scheme by state banks offers factory owners easier credit, with the government paying half the interest for specified projects such as factory modernisation. The government also adapted an idea from Indonesia to make arrangements with both the state-run banks to give foreign currency loans at concessionary interest rates.

Terry Kirk

British planters imported cheap labour from India

Some of these relief measures have been particularly appreciated by the island's 170,000 small holders, who own anything from 10 to 50 acres of tea. The quality of the produce in such estates remains a worry for the government, however, while an ill-disciplined labour force, given to absenteeism, is a particular worry for the small producer.

Sri Lankan tea producers were lucky last year, particularly because of the armed separatist revolt in India's state of Assam, where high-grown quality tea, comparable with Sri Lanka's Nuwara Eliya or Uva, is grown. Tea production in Assam has been hit severely by the insurgency.

Meanwhile the World Bank has urged the government to "commercialise" the JEDB and the SPC, the two huge state corporations set up by the "socialist" government of Mrs Bandaranaike as part of a land reform programme introduced by her Marxist plantations minister. Each individual's holding was limited to 50 acres and the vast acreage surrendered by land owners were placed under two state-run corporations. The labour force was organised by leftwing trade unions controlled by the Marxist parties. Prolonged strikes and wild-cat stoppages for higher wages or on some political issue were quite frequent.

The leader of the largest and the most disciplined union was Mr S. Thondaman, now tourism minister in President Premadasa's cabinet. The plantation labour is Indian (rather than Sri Lankan) Tamil. A cheap labour force numbering nearly 1m was imported from south India by British planters and large British tea companies before Sri Lanka became independent in 1948.

To please the majority (Buddhist) Sinhalese, the Indian Tamil (Hindu) plantation workers were made "stateless", under Indian/Sri Lankan agreements. The Indian government agreed to the repatriation of 600,000 while Sri Lanka agreed to take back 400,000 of its citizens. The process is under way but there is still a large number of "Indian workers" on the plantations.

Entirely new dangers now threaten the tea lands. When the Aid Sri Lanka group sponsored by the World Bank, meets in Paris on February 7 one of the major recommendations is the dissolution of the two state corporations. They will be replaced by 22 state-owned companies that will be managed by private companies, local or foreign.

Already 110 have passed "pre-qualification" tests, British, Hong Kong and Malysian companies being approved. But the best known are top Indian groups like Tata Teas, the Chettinad Corporation and Birlas, as well as Brooke Bond and A.V. Thomas.

A fiercely anti-Tamil and anti-Indian Sinhala opposition has raised the bogey of another "Indian invasion" into the central highlands at a time when the north and east are ravaged by the separatist Tamil Tiger insurgency. The local press has highlighted a daring payroll robbery on the tea plantations recently, for which the press claim the Tigers were responsible. And there have been reports of the Tigers recruiting Tamil youth on the plantations to open a new front. The spectre of Assam is haunting Sri Lanka's green tea lands.

US sued over Chilean fruit ban

By Leslie Crawford in Santiago

CHILEAN FRUIT growers and exporters are suing the US government for $212m in compensation for the losses they suffered during a three-week trade embargo against Chilean fruit in March 1989.

Mr Ronald Bown, president of the Chilean Exporters Association, said the lawsuit would be lodged today in Philadelphia, the main US port of entry for Chilean fruit.

The US Food and Drug Administration halted Chilean fruit imports three years' ago after discovering two grapes laced with cyanide in a shipment that had arrived in Philadelphia. The three-week ban, at the height of Chile's fruit exporting season, dealt a severe blow to the industry. Chile is the world's main supplier of fresh fruit during the northern hemisphere's winter months and about 40 per cent of its produce is sold in the US.

Exporters believe they have scientific evidence to prove that the grapes could not have been poisoned in Chile. Researchers at the University of California and Chilean institutes concluded that the cyanide should have spread to all the grapes in the box. The FDA was unable, however, to detect even trace amounts of the deadly substance after analysing all the other grapes in the bunch. This has led Chilean exporters to believe that the poisoning must have taken place accidentally at the laboratories of the FDA. The latter vigorously denies that the grapes were mishandled.

Last year, the Chilean fruit industry lodged an administrative tort claim against the US Department of Health, which runs the FDA. The claim was dismissed by the Department of Justice. This time round, the claimants – 3,000 fruit growers and more than 100 exporters – will seek compensation through the US courts.

Mr Bown believes the lawsuit could drag on for several years. Legal fees could top $2m.

The cyanide scare exposed the fragility of Chile's highly-geared fruit industry and its overdependence on the US market. Many fruit growers and exporters went bankrupt. Although exports have recovered and totalled $948m last year, the business is now considered a high-risk venture, whereas before it was seen as a generator of certain profits.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,630-1,720 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.80-3.20 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.85-1.15 (1.00-1.25).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 27.50-28.50 (28.50-29.50).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 115-130 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.23-2.27 (2.27-2.30).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 56-66 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.30-2.45 (same).

URANIUM: Nuexco exchange /value, $ per lb, U_3O_8, 8.00 (8.75).

WORLD COMMODITIES PRICES

MARKET REPORT

Tin ended near six-month highs on the LME, supported by the scarcity of quality metal and tightness of April supplies. Brazil's recent absence as a seller was underlined by the high $100-a-tonne premium being asked for Mamore brand tin. Straits metal in Rotterdam was also steady, at a $20 premium. Copper was lower for most of the day in London before gains in New York helped the market to rally. Overall trading was subdued due to a holiday in Japan and this week's industry event in New York. Nymex platinum futures were slightly lower at midday, weighed down by early losses tied to a decline in overseas prices. In Chicago wheat prices were plunging by midday on thin commission house selling. Brisk buying buoyed wheat and oat prices early but a slide in oats sparked swift selling in wheat as well, traders said. "The market was overdone," one broker said of Monday's rally which propelled wheat and corn contracts to new highs and lifted oats limit up. New York's arabica coffee futures were modestly ahead at midday. News that Colombian president Gaviria had urged Brazil's president Collor de Mello to support an international coffee agreement had little effect on trading, analysts said.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.95-6.05	-.175
Brent Blend (dated)	$18.55-8.60	-0.35
Brent Blend (Mar)	$18.45-8.55	-0.35
W.T.I. (1 pm est)	$19.40-9.50	-.375
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$209-211	-1
Gas Oil	$174-176	-2
Heavy Fuel Oil	$65-66	
Naphtha	$185-187	-3.5
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$356.0	+0.5
Silver (per troy oz)♣	416.0c	-1
Platinum (per troy oz)	$364.10	-1.2
Palladium (per troy oz)	$85.15	-0.6
Copper (US Producer)	102.625c	-0.75
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.39r	
Tin (New York)	266.00c	+5
Zinc (US Prime Western)	62.0	
Cattle (live weight)†	105.84p	-0.52
Sheep (live weight)†♣	102.44p	-0.79
Pigs (live weight)†	93.58p	+0.84
London daily sugar (raw)	$197.8y	-1
London daily sugar (white)	264.0y	-1.4
Tate and Lyle export price	216.0	+1.5
Barley (English feed)	£123.0z	
Maize (US No. 3 yellow)	£146.50	
Wheat (US Dark Northern)	Unq.	
Rubber (Mar)♥	48.75p	+0.50
Rubber (Apr)♥	50.00p	+0.25
Rubber (KL RSS No 1 Feb)	216.0m	
Coconut oil (Philippines)§	$735.0y	-5
Palm Oil (Malaysian)§	$385.0q	-10
Copra (Philippines)§	$465y	-5
Soyabeans (US)	£146.0z	-2.5
Cotton "A" Index	57.05c	-0.15
Wooltops (64s Super)	422p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	174.00	178.40	179.00	174.00
May	175.00	180.00	179.80	175.00
Aug	182.00	184.40	183.80	183.00
White	**Close**	**Previous**	**High/Low**	
Mar	258.8	261.0	260.5	258.0
May	262.5	267.0	266.3	262.0
Aug	267.0	270.9	270.0	267.1
Oct	258.4		258.4	256.5
May	262.9		263.0	

Turnover: Raw 328 (170) lots of 50 tonnes. White 3028 (1324)
Paris- White (FFr per tonne): Mar 1398.55, May 1446.93

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Mar	18.46	18.79	18.66	18.41
Apr	18.37	18.68	18.72	18.31
May	18.28	18.63	18.64	18.28
Jun	18.26	18.58	18.52	18.26
Jul	18.23	18.50	18.35	18.23
Oct	18.35		18.35	
IPE Index	18.52	18.59		

Turnover 18432 (24654)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Feb	173.75	176.25	176.00	173.25
Mar	172.00	173.75	174.00	171.50
Apr	169.50	171.00	171.25	169.50
May	167.75	169.50	168.75	167.75
Jun	168.75	169.00	169.00	168.00
Jul	170.00	171.00	170.00	169.75
Aug	172.75	173.00	172.75	
Sep	174.75	174.75	174.75	174.00
Oct	176.75	177.00	176.75	176.00

Turnover 15490 (14675) lots of 100 tonnes

JUTE
C and F Dundee: BTC US$405, BTD US$400.
C and F Antwerp BTC US$410, BWC US$410, BTD US$390, BWD US$380.

COTTON
LIVERPOOL- Spot and shipment sales amounted to 352 tonnes for the week ended February 7, compared with 436 tonnes in the previous week. Subdued offtake did not bring many operations. Support was forthcoming in certain specialist styles notably American and West African.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Mar	686	670	686	672
May	717	701	718	705
Jul	744	725	746	734
Sep	768	752	769	756
Dec	802	786	801	786
Mar	831	817	831	822
May	850	836	851	842
Jul	869	855	870	860
Sep	887	872	879	878
Dec	912		905	

Turnover: 8894 (6000) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb.10 846.72 (861.46) 10 day average for Feb.10 861.91 (867.86)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Mar	871	868	874	[illegible]
May	900	895	901	895
Jul	921	922	922	911
Sep	948	942	945	938
Nov	965	964	962	

Turnover:2036 (2160) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb. 10: Comp. daily 56.40 (55.91) 15 day average 56.26 (56.63)
Sterling close: March 2475

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	120.6	120.4	120.0	119.8
May	139.0	138.0	139.0	

Turnover 20 (78) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Feb	127.00	125.00	127.00
Jun	121.50		121.50
Aug	123.00		123.00

Turnover 185 (110) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Feb	1341	1375	1375	1340
Mar	1430	1460	1455	1415
Apr	1436	1482	1480	1440
Jul	1235	1250	1250	1235
Oct	1366		1380	1370
BFI	1349	1335		

Turnover 394 (274)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Mar	125.60	126.10	125.75	125.40
May	129.20	129.70	129.90	129.15
Jun	131.15	131.50	131.05	130.85
Nov	114.35	114.05	114.25	114.00
Jan	116.00		116.00	
Barley	**Close**	**Previous**	**High/Low**	
Mar	117.40	117.40	117.40	
Sep	107.80		107.80	
Jan	116.25		114.90	

Turnover: Wheat 190 (146). Barley 24 (17).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
Feb	124.0	123.2	123.5	
Mar	121.0	119.8	120.7	120.0
Apr	118.5	117.5	118.0	117.9
May	118.0	116.8	117.5	117.0
Jun	115.5	115.0	115.3	114.8
Jul	110.0	109.6	109.5	
Aug	108.0	107.0	107.0	106.5
Sep	108.0	107.0	107.5	107.0

Turnover:121 (39) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 23,180 lots
Cash	1243-44	1250.5-1.5		1241.5-2.5		
3 months	1265-66	1273.5-6.5	1273/1260	1257-7.5	1265-66	144,494 lots
Copper, Grade A (£ per tonne)						Total daily turnover 13,273 lots
Cash	1206-07	1159-61	1199	1198-8.5		
3 months	1231.5-2.0	1213.5-14.5	1236/1218	1225-26	1224-26	121,858lots
Lead (£ per tonne)						Total daily turnover 1,135 lots
Cash	280-81	277.5-8.5	280.5/279.5	279.5-80.0		
3 months	291-1.5	289-90	291.5/290	290.25-0.75	290-92	15,902 lots
Nickel ($ per tonne)						Total daily turnover 3,798 lots
Cash	7825-40	7865-65		7760-65		
3 months	7885-90	7915-20	7915/7820	7823-25	7895-900	22,448 lots
Tin ($ per tonne)						Total daily turnover 4,253 lots
Cash	5715-25	5840-60		5735-45		
3 months	5734-35	5873-75	5760/5650	5740-45	5744-45	5,317 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 11,925 lots
Cash	1125-26	1135-36	1121.5	1121-1.5		
3 months	1128-29	1139-40	1139/1132	1124-25	1122-23	48,011 lots

LME Closing £/$ rate:
SPOT: 1.8015 3 months: 1.7744 6 months: 1.7460 9 months: 1.7250

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	355.80-356.20	
Opening	356.10-355.50	
Morning fix	355.25	196.510
Afternoon fix	356.00	196.924
Day's high	356.80-357.10	
Day's low	354.90-355.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.30	6 months	3.16
2 months	3.22	12 months	3.16
3 months	3.20		

Silver fix	p/fine oz	US cts equiv
Spot	231.50	417.50
3 months	237.35	421.85
6 months	243.20	426.05
12 months	254.00	435.70

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	356.00-357.00	197.00-197.50
Maple leaf	366.00-367.20	201.50-203.00
New Sovereign	87.50-86.00	48.00-48.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1150	105	157	1	12
1250	25	70	24	43
1350	2	28	98	100
Copper (Grade A)	**Calls**		**Puts**	
2100	87	112	3	24
2200	19	54	34	64
2300	1	21	116	130
Coffee	**Mar**		**Mar**	
450	31			
500	2		21	
550			68	
Cocoa	**Mar**	**May**	**Mar**	**May**
675	18	53	5	11
700	8	37	15	20
725	1	24	38	32
Brent Crude	**Apr**	**May**	**Apr**	**May**
1800	62		35	
1850	54	75	62	78
1900	35		75	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	356.3	355.9	357.0	355.1
Mar	356.9	355.5	0	0
Apr	357.9	357.4	359.0	356.7
Jun	359.5	359.3	360.8	358.5
Aug	361.8	361.3	362.5	361.0
Oct	363.7	363.2	363.7	363.7
Dec	365.8	365.2	366.0	364.9
Feb	368.1	367.4	367.9	367.9
Apr	357.8	357.4	359.0	356.7

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Feb	365.0	366.0	0	0
Apr	365.9	366.3	368.9	365.5
Jul	365.8	366.0	368.5	365.2
Oct	366.7	366.1	0	0
Jan	368.2	367.8	366.0	364.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	417.5	419.0	0	0
Mar	418.5	419.8	419.5	416.5
Apr	419.7	421.2	0	0
May	421.3	422.8	422.5	418.5
Jul	424.1	425.6	424.5	423.0
Sep	427.3	428.8	430.0	425.5
Dec	432.5	434.0	432.0	430.5
Jan	434.1	435.6	0	0
Mar	438.1	439.6	438.6	436.0
May	442.3	443.8	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	98.50	98.35	99.10	98.50
Mar	98.60	98.25	99.15	98.25
Apr	98.40	98.00	0	0
May	98.15	97.80	98.70	97.90
Jun	98.05	97.75	0	0
Jul	97.95	97.70	98.50	97.80
Aug	97.95	97.70	0	0
Sep	97.90	97.65	0	0
Oct	97.80	97.55	0	0
Nov	97.80	97.55	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	7.88	8.11	8.12	7.86
May	7.99	8.21	8.22	7.98
Jul	8.18	8.31	8.34	8.17
Oct	8.25	8.49	8.42	8.25
Mar	8.45	8.59	8.45	8.45
May	8.55	8.64	0	0
Jul	8.60	8.78	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	19.37	19.75	19.70	19.36
Apr	19.52	19.86	19.80	19.50
May	19.56	19.88	19.82	19.54
Jun	19.56	19.85	19.80	19.54
Jul	19.47	19.78	19.71	19.50
Sep	19.45	19.67	19.62	19.50
Nov	19.40	19.68	19.42	19.40
Dec	19.40	19.66	19.50	19.40

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Mar	5645	5659	5620	5630
Apr	5500	5595	5550	5490
Jun	5345	5415	5385	5345
Jul	5350	5401	5400	5350
Aug	5425	5465	5440	5440
Sep	5540	5585	5550	5540
Oct	5625	5686	5650	5630
Nov	5720	5761	5745	5720

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1132	1120	1134	1121
May	1169	1158	1171	1160
Jul	1207	1195	1208	1196
Sep	1241	1229	1241	1233
Dec	1282	1272	1284	1282
Mar	1315	1307	1315	1310
May	1346	1332	0	0
Jul	1370	1358	0	0
Sep	1395	1383	1383	1383
Dec	1430	1418	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	70.60	69.50	70.95	69.35
May	73.60	72.45	73.90	72.30
Jul	76.65	75.15	76.70	75.00
Sep	78.10	78.15	78.10	77.80
Dec	83.15	81.70	82.15	81.75
Mar	86.25	85.50	85.50	85.50
May	89.80	89.15	0	0
Jul	92.75	92.00	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	53.28	54.45	54.25	53.26
May	55.11	56.07	55.90	55.05
Jul	56.36	57.32	57.10	56.31
Oct	59.03	59.77	59.65	59.03
Dec	59.75	60.58	60.40	59.70
Mar	61.10	61.95	61.60	61.10
May	61.70	62.55	62.25	62.15
Jul	62.20	63.13	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	140.80	140.75	141.20	139.45
May	139.25	139.90	139.95	138.30
Jul	138.50	139.25	138.00	136.00
Sep	134.25	135.25	135.30	134.25
Nov	127.75	129.50	129.20	129.00
Jan	127.75	129.50	129.00	129.00
Mar	127.75	129.50	129.00	128.95
May	127.75	129.50	0	0
Jul	127.75	129.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb.11	Feb.10	mnth ago	yr ago
1568.5	1555.0	1594.7	1667.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb.10	Feb.7	mnth ago	yr ago
Spot	119.36	118.61	112.65	121.91
Futures	123.06	122.47	121.09	127.30

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	569/4	576/6	576/6	566/0
May	573/0	583/6	584/6	571/0
Jul	580/6	592/4	593/4	579/0
Aug	583/6	597/0	596/4	582/0
Sep	585/0	600/0	600/0	582/4
Nov	593/4	608/4	609/0	590/4
Jan	602/0	616/6	617/0	602/0
Mar	611/0	626/0	626/0	611/0
May	616/4	633/4	616/4	616/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	18.72	18.87	19.08	18.69
May	19.04	19.21	19.38	19.01
Jul	19.36	19.58	19.65	19.32
Aug	19.53	19.70	19.82	19.49
Sep	19.66	19.87	19.96	19.65
Oct	19.78	19.97	20.03	19.75
Dec	20.08	20.37	20.36	20.05
Jan	20.21	20.45	20.46	20.21
Mar	20.50	20.70	20.67	20.50
May	20.80	0	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	173.9	177.5	177.4	173.7
May	175.7	178.7	178.9	175.3
Jul	177.4	180.6	180.9	177.3
Aug	178.4	181.0	181.6	178.4
Sep	179.6	182.5	182.6	179.6
Oct	193.0	186.5	187.0	193.0
Dec	194.5	186.2	189.0	194.0
Mar	196.0	199.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	261/6	270/4	270/4	261/0
May	269/0	278/2	278/2	268/2
Jul	274/2	283/6	283/6	273/6
Sep	269/4	277/4	278/4	268/0
Dec	267/0	274/4	274/6	266/0
Mar	273/0	279/6	279/6	272/0
May	277/0	283/4	283/4	276/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	439/4	469/4	462/4	439/4
May	428/6	448/6	453/0	428/6
Jul	404/4	424/4	429/4	404/4
Sep	406/0	428/0	432/0	406/0
Dec	418/0	438/0	440/0	418/0
Mar	418/0	438/0	440/0	418/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	78.950	78.625	79.675	78.775
Apr	77.800	78.625	79.175	77.600
Jun	72.825	73.600	73.675	72.700
Aug	69.125	69.725	70.100	69.025
Oct	69.950	70.050	70.400	69.800
Dec	70.150	70.600	71.100	70.025
Feb	69.500	70.050	70.750	69.500

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	41.650	42.375	42.300	41.250
Apr	42.100	42.775	42.850	41.700
Jun	46.050	46.825	46.900	46.000
Jul	46.625	47.400	47.500	46.525
Aug	45.025	45.475	45.575	44.800
Oct	42.000	42.250	42.250	41.750
Dec	44.475	44.750	44.825	44.350
Feb	45.250	45.475	45.450	45.000

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	36.150	38.025	38.300	36.025
Mar	36.375	38.375	38.450	36.375
May	37.000	38.800	38.750	37.000
Jul	38.575	40.325	40.600	38.525
Aug	37.650	39.625	40.050	37.625

LONDON STOCK EXCHANGE

Poor volume again depresses equities

By Terry Byland, UK Stock Market Editor

POOR trading volume remained the principal feature yesterday of a UK stock market unwilling, or unable, to move out of its current trading range. Lingering hopes of an early cut in UK base rates pushed share prices ahead at first. But FT-SE 2,550, challenged at 8.37am, proved the best of the day's range and the final reading showed the Footsie some 13 points below this level for a net loss of 1.3.

A further half-point reduction in base rates is considered inevitable before the UK general election, which the stock market has pencilled in for April 9. But the latest bout of rate speculation has come from the London money markets and has been received with caution in the stock market as it awaits the latest UK inflation statistics, which are due at the end of this week.

Account Dealing Dates		
*First Dealings:		
Jan 27	Feb 10	Feb 24
Option Declarations:		
Feb 6	Feb 20	Mar 5
Last Dealings:		
Feb 7	Feb 21	Mar 6
Account Day:		
Feb 17	Mar 2	Mar 16

*New-time dealings may take place from 8.30 am two business days earlier.

Uncertainty over both interest rates and impending UK public opinion polls continued to add to uncertainty in the equity sector. Although there were many active features in the market, overall business in equities remained very disappointing for marketmakers.

Stock Exchange statistics disclosed that retail, or customer, business in equities fell to £690.4m on Monday, the lowest daily total since last November after extracting the half-sessions traded over the Christmas break.

Yesterday's Seaq equity volume, which takes in both customer and intra-market business, reached only. 429.5m shares, little better than Monday's 426.4m, bearing out traders' comments that "business was little better."

Nervousness over the fall in genuine investment activity has been heightened this week by reports that another broking operation is up for sale, and by a further management shakeup at Salomon Brothers of the US, involving its London-based operations.

Encouraged by Wall Street's firmness overnight and by renewed interest rate hopes in the money markets, equities added 11.5 on the Footsie in early deals. In the absence of investment support, however, shares soon backed off and the Footsie struggled to remain in positive territory.

Later, London was helped by an early advance in New York but when the early gain in the Dow was trimmed to 6 points in UK hours, the London market shaded lower again.

The final reading put the FT-SE Index at 2,537.1, a net loss of 1.3. Traders now see the London market as caught in a trading range between FT-SE 2,400 and 2,550, or "2,600 on a good day" as one trader put it yesterday.

Until both the domestic political and economic outlooks become more clear, fund managers appear unwilling to chase stocks, although support yesterday for ICI and for some store issues indicated that they are selective buyers rather than sellers of shares. Traders also said that the institutions had shown interest in second line issues.

There was no immediate response in London to reports that Mr Alan Greenspan, chief of the US Federal Reserve Board, had told a US bankers' meeting that the Fed stood ready to ease US monetary policy further if necessary. The London market remained apprehensive over the outlook for Wall Street and for the economic situation in the US. Also overhanging London were doubts concerning the Japanese stock market when it returned to trading today after a national holiday.

FINANCIAL TIMES STOCK INDICES

	Feb 11	Feb 10	Feb 7	Feb 6	Feb 5	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	88.29	88.25	88.17	88.10	88.23	85.03	88.29 (11/2/92)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	100.93	100.96	100.99	100.99	100.99	93.16	100.99 (5/2/92)	90.59 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1964.2	1958.9	1945.1	1951.2	1970.9	1751.1	2108.3 (2/9/91)	1609.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	141.9	139.7	141.7	145.2	146.1	138.1	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2537.1	2538.4	2517.2	2534.3	2547.1	2267.8	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1172.23	1173.05	1168.38	1172.04	1175.21	1033.73	1196.60 (3/9/91)	939.62 (16/1/91)	1196.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.65	4.66	4.69	4.65	4.63	5.38				
●Earning Yld %(full)	6.91	6.93	6.97	6.92	6.95	11.20				
●P/E Ratio(Net)(*)	18.14	18.11	17.98	18.12	18.10	10.79				
SEAQ Bargains 4.45pm	28,392	29,384	35,927	31,591	30,010	35,587				
Equity Turnover(£m)†	–	890.4	1202.4	830.00	954.80	1060.71				
Equity Bargains†	–	29,108	43,217	24,995	30,432	35,925				
Shares Traded (mil)†	–	389.2	514.9	355.5	427.0	489.0				

Ordinary Share Index, Hourly changes — Day's High 1974.5 — Day's Low 1964.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1973.7	1971.4	1965.3	1965.6	1969.0	1968.7	1969.1	1968.1	1965.3

FT-SE 100, Hourly changes — Day's High 2549.9 — Day's Low 2536.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2548.9	2546.3	2538.7	2538.9	2543.2	2543.2	2543.6	2541.9	2538.6

FT-SE Eurotrack 200, Hourly changes — Day's High 1176.07 — Day's Low 1171.48

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1174.07	1172.87	1173.58	1173.48	1173.82	1174.13	1172.41

GILT EDGED ACTIVITY

Indices*	Feb 10	Feb 7
Gilt Edged Bargains	79.5	90.0
5 – Day average	84.5	83.8

*SE Activity 1974. †Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

BA near its peak level

THE BEST performance among the FT-SE listed stocks came from British Airways, which jumped 23 to 248p, just shy of its all-time high, after reporting third-quarter profits well ahead of the most optimistic market forecasts.

Profits came in at £100m, against £20m at the same stage a year ago. The general range of forecasts had been around the £50m mark, although Charterhouse Tilney had predicted £73m.

Activity in the shares started early, with dealers reporting a 15 rise to 240p in pre-market trading. There was then a rush to buy after the market opened, sending turnover to a hefty 29m by the close, the highest figure for nearly five years. The majority of buying came in the morning and business was more two-way by the afternoon.

Most analysts raised their full-year profit expectations following the quarterly results. Mr Mike Stoddart, of Charterhouse Tilney, who upgraded his figure by £23m to £275m for the year to March 1992, said: "The results are better than expected due to cost-cutting and growth in the North Atlantic market."

However, he maintained his 1993 prediction at £370m. Mr James Halstead, at Hoare Govett, increased his 1992 full-year profits estimate by £70m to £280m.

Vickers active

Engineering and defence group Vickers hardened a penny to 170p early in the day but eventually eased to end unaltered at 169p as turnover rose to 1.6m.

The word in the market was that Vickers could be a direct beneficiary of a framework defence agreement signed yesterday between the UK and Kuwait. There are suggestions in the market that Kuwait may order more than 250 Challenger 2 tanks as part of the agreement. One analyst said yesterday: "This could be worth £750m for Vickers."

BAe upset

British Aerospace (BAe) retreated 13 to 282p after the company said it had paid a £79m indemnity to Burwood House Group, a joint venture held between BAe's Arlington property subsidiary and Asda's Gazeley Holdings.

The market had expected a settlement at a lower figure, and was further alarmed by confirmation from Asda that it believed it had a right to exercise a put/call option in the original contract entitling it to sell its stake in Burwood to BAe at market value or to buy BAe out. British Aerospace is understood to dispute this and analysts now fear a drawn-out row. One analyst said: "The worry now is this thing is not over yet, just like the situation with Rover."

Sentiment was further affected by emerging worries over the health of the civil aircraft order book. Turnover in BAe reached 6.2m by the close.

Thorn weak

US press reports that news of the sale of Virgin Records was imminent left Thorn EMI lower, as the market reacted coolly to the possibility that the electrical and leisure group might have been outbid for this profitable retail outfit, in which it is known to have shown interest. European media giant Bertelsmann was the reported bidder. However, Virgin Group, owner of Virgin Records, later denied the reports.

Thorn shares were also under pressure because one leading broking house had recommended a switch into Rank Organisation. "Thorn is at the top of its range," said one analyst, "and Rank still looks good value." Thorn lost 15 to 820p in busy volume of 1.3m shares, while Rank added 7 at 684p.

Pharmaceutical group Glaxo was held back by a cut in profits forecast and switch recommendation from UBS Phillips & Drew. The house lowered its estimate for 1991-92 figures by 250m to £1.42bn. It cited launch costs of new products, rising research and development expenditure and industry-imposed price constraints for the cut. UBS, which has been a seller of Glaxo for some time, also published a note highlighting the relatively attractive rating of Astra Holdings.

Glaxo shares were further affected by a forecast adjustment from Goldman Sachs, which shaved £30m off its estimate to £1.42bn. The stock slipped 3 to 824p with 2.1m shares traded.

ICI rose 13 to 1271p as buyers emerged after last week's decline. UBS Phillips & Drew was active. MTM responded to positive press comment, advancing 11½ to 280½p.

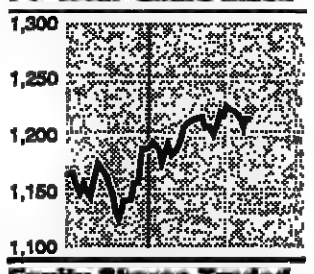
An insurance sector suffering the effects of recent profits downgrades and forecasts of dividend cuts was hit again after flash floods wrought havoc in California.

Royal Insurance, viewed by specialists as having the biggest exposure to expected losses from the latest US disaster, dropped 12 more to 220p, close to its lowest level for over five years.

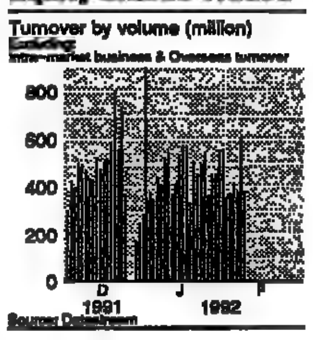
Sun Alliance was also mauled, closing 11 off at 269p with 2.32m traded, in spite of strong support triggered by a comprehensive research document from Smith New Court. Guardian Royal Exchange lost 7 to 121p, with recent bid stories almost forgotten.

Smiths Industries fell 9 to 263p after United Airlines, of the US, said it would reduce its order for Boeing aircraft. Smiths supplies to Boeing.

FT-A All-Share Index



Equity Shares Traded



The losses announced by Amstrad had been well flagged in the market and the shares edged up 2 to 28p on relatively heavy turnover of 6.6m. Computer software group Electronic Data delivered another sparkling performance, surging to close 65 higher at a record 513p in response to a couple of agency crosses, carried out at 494p and 505p.

BPB Industries, Europe's biggest plasterboard manufacturer, lost 6 to 139p on heavy turnover of 3.2m after suggestions that leading brokers had downgraded their current year estimates to around £43m.

Cider taxation threatened to become a contentious issue between London and Brussels, but the effect on the cider producers was varied. H.P. Bulmer advanced 8 to 262p, while USM stock Merrydown fell 25 to 353p.

Analysts suggested that Bulmer has continued to recover from concern that it may lose UK distribution rights for Perrier water.

Food retailer Argyll was firm, rising 6 to 316p, as BZW remained positive on the sector's prospects and particularly the quality superstore operators. At the same time, Kwik Save was muted in the face of a lower profits forecast from BZW, gaining just a penny to 580p. Profits downgrades by several brokers led to a weakening of the shares last week.

Hopes of lower UK interest rates in the near future provided general support for stores, but Burton and Ratners remained under a cloud. Boots moved forward 6 to 451p and Great Universal Stores "A" appreciated 10 to 1435p.

Kleinwort Benson advice to switch out of Forte and into Ladbroke lifted the latter 4 to 215p. Forte was 1 up at 223p.

Textile issues saw unusually thin trade as around 100 analysts attended an industry conference. However, S.G. Warburg circulated a note to clients arguing that the sector would remain weak for the first half but that would be followed by "the second leg of the textile bull market".

Carr Kitcat & Aitken was slightly more positive in a review sent out yesterday. Among the stocks it favoured, Courtaulds Textiles firmed 2 to 414p and Campari International gained 5 to 438p.

Buying ahead of today's results continued to bolster Reuters, which closed 8 higher at 1103p.

Tightly-traded Central Independent Television moved ahead 45 to 1233p. S.G. Warburg Securities recommended the company in a recent wide-ranging note which it has been discussing with Scottish institutions this week.

USM-quoted Sherwood Computer Services forged ahead 23 to 175p after announcing that it had secured contracts totalling more than £4m in recent weeks.

MARKET REPORTERS:
Christopher Price,
Peter John, Colin Millham,
Joel Kibazo, Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 18.

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (100).
BRITISH FUNDS (38) Tr. 2pc IL 1992, Tr. 8pc 1992, Tr. 8¾pc 1993, Fd. 6pc 1993, Tr. 8½pc 1994, Tr. 10pc 1994, Tr. 9pc 1994, Ex. 10¼pc 1995, Tr. 9pc '92-96, Cv. 10pc 1996, Ex. 10½pc 1997, Tr. 8¾pc 1997, Ex. 9¾pc 1998, Tr. 6¾pc '95-98, Ex. 12pc 1998, Tr. 9½pc 1999, Ex. 12¼pc 1999, Tr. 10½pc 1999, Cv. 10¼pc 1999, Cv. 9pc 2000, Tr. 13pc 2000, Tr. 10pc 2001, Tr. 9¾pc 2002, Do. C, Tr. 11½pc '01-04, Tr. 9pc 2012, Tr. 5pc '86 Aft., Cons. 2½pc., Tr. 2½pc., Tr. 2pc IL 1994, Tr. 2pc IL 1996, Tr. 2½pc IL 2001, Tr. 2½pc IL 2003, Tr. 2pc IL 2006, Tr. 2½pc IL 2009, Tr. 2½pc IL 2011, Tr. 2½pc IL 2013, Tr. 2½pc IL 2016, OTHER FIXED INTEREST (3) African Dev. 11¼pc 2010, Asian Dev. 10¼pc 2009, Hydro Quebec 15pc 2011, AMERICANS (1) Chase Manhattan, BUILDING MATERIALS (1) Needler, BUSINESS SERVICES (5) Barbour Index, Comm. Johnson Cleaners, Sarco, Sherwood Computer, CHEMICALS (2) MTM, Yorkshire, CONGLOMERATES (1) Sime Darby, ELECTRONICS (4) Elect. Data Procg., Hoskyns, Microvitec, Sage, ENGINEERING AEROSPACE (1) FR, ENGINEERING GENERAL (6) Haina, Mayflower, POT, Rotork, Transfer Tech., FOOD MANUFACTURING (3) Clarke, Dalepak, FOOD RETAILING (1) Park, HEALTH & HOUSEHOLD (3) AAH, Astra B, UniChem, HOTELS & LEISURE (4) Airsure, City Centre Restaurants, Stanley, Tanjong, INSURANCE BROKERS (1) Berry Birch & Noble, INVESTMENT TRUSTS (16) City of Oxford Zero Prf., Gartmore Value Zero Prf., I & S Optimum Inc. Zero Prf., Independent, M & G Inc. Zero Prf., Menakin, St. Davids Zero Prf., Sphere Zero Prf., Templeton Emrg. Mkts. Wrnts., Whitbread Inv., MEDIA (2) Independent, News Intl., MISCELLANEOUS (2) PII, Lionheart, OIL & GAS (1) NZ Oil, OTHER FINANCIAL (3) Edinburgh Fund Mangrs., Secure Trust, Spanish Smllr. Co's Wrnts., PACKAGING, PAPER & PRINTING (2) Boxmore Intl., De La Rue, PROPERTY (1) CMW, STORES (3) Betterware Cons. Prods., Lloyds Chemists, Marks & Spencer, TRANSPORT (3) BAA, Brit. Airways, Do. Cap. 9¾pc Cv., MINES (1) Owalla Cons.
NEW LOWS (47).
BRITISH FUNDS (1) Tr. 9pc 2012, BREWERS & DISTILLERS (1) Macallan-Glenlivet, BUILDING MATERIALS (1) Ward Group, BUSINESS SERVICES (1) Rentominster, CONGLOMERATES (2) Ensor, Porter Chadburn, CONTRACTING & CONSTRUCTION [illegible] ELECTRICALS [illegible] (2) Sanderson, Sema, ENGINEERING AEROSPACE (1) Dowty, ENGINEERING GENERAL (4) Beauford, Sterling Inds., Vanson Ind., Wiwway, INSURANCE BROKERS (1) Sturge, INVESTMENT TRUSTS (4) Drayton Eng. & Intl., JF Pacific Wrnts., Sphere Inc., Do. Wrnts., MEDIA (2) Aegis 9¾pc Prf., Shandwick, OIL & GAS (4) Aminex, Command, Oliver Res., Triton Europe, OTHER FINANCIAL (1) Lon. Finance, OTHER INDUSTRIAL MATERIALS (1) Headway, PACKAGING, PAPER & PRINTING (1) Tinsley Robor, PROPERTY (4) Braders, Cap. & Counties, Clayform, Union Square, STORES (2) Austin Reed, Mallett, TEXTILES (2) Alex. Workwear, Gt. West Trust, MINES (3) Anglesey, North West Exp., Wankie Colliery.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
AGT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ASDA Group	[illegible]	[illegible]	[illegible]												
Abbey National	[illegible]	[illegible]	[illegible]												
Allied Fisher	[illegible]	[illegible]	[illegible]												
Allied-Lyons	[illegible]	[illegible]	[illegible]												
Amstrad	[illegible]	[illegible]	[illegible]												
Anglian Water	[illegible]	[illegible]	[illegible]												
Argos	[illegible]	[illegible]	[illegible]												
Argyll Group	[illegible]	[illegible]	[illegible]												
Arjo Wiggins	[illegible]	[illegible]	[illegible]												
Ass. Brit. Foods	[illegible]	[illegible]	[illegible]												
BAA	[illegible]	[illegible]	[illegible]												
BAT Inds.	[illegible]	[illegible]	[illegible]												
BET	[illegible]	[illegible]	[illegible]												
BICC	[illegible]	[illegible]	[illegible]												
BOC	[illegible]	[illegible]	[illegible]												
BPB Inds.	[illegible]	[illegible]	[illegible]												
BTR	[illegible]	[illegible]	[illegible]												
Bank of Scotland	[illegible]	[illegible]	[illegible]												
Barclays	[illegible]	[illegible]	[illegible]												
Bass	[illegible]	[illegible]	[illegible]												
Berisford Intl.	[illegible]	[illegible]	[illegible]												
Blue Circle	[illegible]	[illegible]	[illegible]												
Booker	[illegible]	[illegible]	[illegible]												
Boots	[illegible]	[illegible]	[illegible]												
Bowater	[illegible]	[illegible]	[illegible]												
Brit. Aerospace	[illegible]	[illegible]	[illegible]												
British Airways	[illegible]	[illegible]	[illegible]												
British Gas	[illegible]	[illegible]	[illegible]												
British Land	[illegible]	[illegible]	[illegible]												
BP	[illegible]	[illegible]	[illegible]												
British Steel	[illegible]	[illegible]	[illegible]												
British Telecom	1,600	331½	−1½	Inchcape	1,000	430	+5	Ryl Bk Scotland	2,000	167		Vodafone	[illegible]	[illegible]	
Br. Telecom New	4,200	121½	−1	Kingfisher	[illegible]	[illegible]	+1	Royal Insurance	2,500	220	−12	Warburg (SG)	270	872	+3
Bunzl	724	[illegible]	−1	Ladbroke	3,600	215	+4	Saatchi	[illegible]	13½		Wellcome	[illegible]	[illegible]	−9
Burmah Castrol	[illegible]	[illegible]	−3	Land Securities	[illegible]	467	+6	Sainsbury	1,400	375	+1	Welsh Water	1,000	[illegible]	+2
Burton	3,200	35	−1½	Laporte	[illegible]	604	+5	Scottish & New	[illegible]	430		Wessex Water	460	416	+1
Cable & Wire.	1,800	[illegible]	−7	Legal & General	1,300	[illegible]	−3	Scot. Hydro-Elect.	[illegible]	102½		Whitbread 'A'	[illegible]	[illegible]	+3
Cadbury Schweppes	[illegible]	[illegible]	+2	Lloyds Abbey	[illegible]	[illegible]		Scottish Power	1,100	[illegible]		Williams Hldgs.	[illegible]	[illegible]	+1
Calor Group	[illegible]	[illegible]	−1	Lloyds Bank	[illegible]	[illegible]		Sears	1,600	102		Willis Corroon	[illegible]	[illegible]	−3
Carlton Comms.	[illegible]	[illegible]		LASMO	1,500	234	−1	Sedgwick	[illegible]	[illegible]	−1	Wimpey	[illegible]	112	
Coats Viyella	1,100	[illegible]	+1	London Elect.	3,000	[illegible]		Seeboard	[illegible]	[illegible]	+5	Yorkshire Elect.	2,300	317	+2
Comm. Union	[illegible]	444	−7	Lonrho	3,000	122	+1	Severn Trent Water	1,000	[illegible]	+3	Yorkshire Water	[illegible]	[illegible]	+3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

UNCERTAINTY over the prospect of a fall in UK interest rates unsettled stock index futures, writes Joel Kibazo.

Having opened firmly at 2,570, the March contract soon retreated as independent traders who had taken on long positions overnight led the selling activity. The contract had fallen to 2,551 by mid-morning.

The release of wholesale price inflation figures in line with analysts' forecasts briefly curtailed March's downward direction and in fact produced a brief rally. However, selling pressure returned and was only eased later in the afternoon by a firm Wall Street. But this did not last.

March closed at 2,550, around three points above the estimated fair value premium to cash of about 10.

In traded options, turnover reached a meagre 17,173 contracts. British Airways, which produced better than expected results, was the busiest stock option. It traded 2,970 lots, with the July 260 calls the busiest series.

This was followed by British Aerospace with a day's total of 2,250. The May 330 calls were particularly active. Hanson was the third busiest stock option, trading 1,030 contracts. BTR and Lonrho were also active.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
2pc IL 1992‡‡		[illegible]	+⅛	[illegible]	125⅛	1.99	7.50
8pc 1992 ‡‡		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	8.96
10½pc Cv 1992‡‡		[illegible]	—	[illegible]	98½	10.49	10.01
3pc 1992		[illegible]	—	[illegible]	91⅛	[illegible]	[illegible]
Exch 12¼pc 1992		[illegible]	—	[illegible]	100[illegible]	12.19	[illegible]
13½pc 1992		[illegible]	—	104[illegible]	101[illegible]	[illegible]	[illegible]
Treas 8¼pc 1993		[illegible]	+⅛	[illegible]	94	[illegible]	[illegible]
10pc 1993‡‡		[illegible]	+⅛	[illegible]	97[illegible]	[illegible]	[illegible]
12½pc 1993‡‡		[illegible]	+⅛	[illegible]	102[illegible]	12.04	[illegible]
Funding 6pc 1993‡‡		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	[illegible]
Treas 13¾pc 1993‡‡		[illegible]	+⅛	[illegible]	105[illegible]	[illegible]	[illegible]
8½pc 1994		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	[illegible]
14½pc 1994‡‡		[illegible]	+⅛	111[illegible]	109[illegible]	[illegible]	[illegible]
Exch 13½pc 1994		[illegible]	+⅛	[illegible]	105[illegible]	12.54	[illegible]
Treas. 10pc Ln. 1994‡‡		[illegible]	+⅛	101[illegible]	[illegible]	[illegible]	[illegible]
Exch 12½pc 1994		[illegible]	+⅛	107[illegible]	103[illegible]	11.73	[illegible]
Treas 9pc 1994‡‡		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	[illegible]
12pc 1995		[illegible]	+⅛	[illegible]	102[illegible]	11.28	[illegible]
Exch 3pc Gas 90–95		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10¼pc 1995		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	[illegible]
Treas 12¾pc 1995‡‡		[illegible]	+⅛	110[illegible]	105[illegible]	11.58	[illegible]
14pc 1996		[illegible]	+⅛	[illegible]	109[illegible]	12.28	[illegible]
9pc 1992–96‡‡		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	9.08
15¼pc 1996‡‡		119	+⅛	[illegible]	116[illegible]	12.82	9.85
Exch 13¼pc 1996‡‡		112[illegible]	+⅛	112[illegible]	109	11.78	9.81
Conversion 10pc 1996		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	9.40
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		114⅛	+⅛	114⅛	108[illegible]	11.62	9.61
Exch 10½pc 1997		104[illegible] xd	+⅛	104[illegible]	97[illegible]	10.08	9.40
Treas 8¾pc 1997‡‡		97[illegible] xd	+⅛	97[illegible]	89[illegible]	8.97	9.32
Exch 15pc 1997		122[illegible]	+⅛	122[illegible]	117	12.24	9.73
9¾pc 1998		101[illegible]	+⅛	101[illegible]	93[illegible]	9.68	9.40
Treas 6¾pc 1995–98‡‡		[illegible]	+⅛	[illegible]	80[illegible]	7.52	8.96
15½pc '98‡‡		128¼	+⅛	128[illegible]	121¾	12.09	9.63
Exch 12pc 1998		112[illegible]	+⅛	112[illegible]	104[illegible]	10.70	9.52

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		101⅛	+⅛	101[illegible]	92[illegible]	9.39	9.26
Exch 12¼pc 1999		113[illegible]	+⅛	113[illegible]	105[illegible]	10.77	9.55
Treas 10½pc 1999		108[illegible]	+⅛	108[illegible]	97[illegible]	9.94	9.42
Conversion 10¼pc 1999		104[illegible]	+⅛	104[illegible]	95[illegible]	9.81	9.44
9pc 2000‡‡		[illegible] xd	+⅛	[illegible]	[illegible]	9.14	9.27
Treas 13pc 2000		119[illegible]	+⅛	119[illegible]	110½	10.91	9.52
10pc 2001		103[illegible] xd	+⅛	104[illegible]	94[illegible]	[illegible]	9.35
14pc '98–01		119[illegible]	+⅛	119[illegible]	113[illegible]	11.86	9.70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8pc 2003		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.13
Conv 9pc Ln 2011 ‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	9.12
9pc 2011 ‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	9.12
Treas. 9pc 2012		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Treas 5½pc 2008–12‡‡		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	[illegible]
7¾pc 2012–15‡‡		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	9.17
Exch 12pc '13–'17		[illegible]	—	[illegible]	113[illegible]	[illegible]	9.19
Undated							
Consols 4pc		42[illegible]	—	42[illegible]	37[illegible]	9.61	—
War Loan 3½pc‡‡		37[illegible]	—	37[illegible]	33[illegible]	[illegible]	—
Conv 3½pc '61 Aft.		[illegible]	—	[illegible]	[illegible]	[illegible]	—
Treas 3pc '66 Aft.		31[illegible]	—	31[illegible]	28[illegible]	[illegible]	—
Consols 2½pc		[illegible]	—	[illegible]	23[illegible]	9.40	—
Treas. 2½pc		[illegible]	—	[illegible]	[illegible]	[illegible]	—

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield (1)	Yield (2)
Index – Linked	(b)						
Treas. 2pc '94	(102.9)	124[illegible]	+⅛	[illegible]	116[illegible]	2.82	3.60
2pc '96	(67.9)	179[illegible] xd	+⅛	179[illegible]	168[illegible]	3.92	3.86
2½pc '01	(78.3)	148[illegible]	+⅛	148[illegible]	137[illegible]	[illegible]	[illegible]
2½pc '03	(78.8)	142[illegible]	+⅛	142[illegible]	133	3.97	4.22
2pc '06	(69.5)	143[illegible] xd	+⅛	144	135	4.06	4.26
2½pc '09	(78.8)	131[illegible]	+⅛	131½	124[illegible]	4.11	4.29
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for May 1991: 133.5 and for December 1991: 135.7.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11¼pc 2010		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev 10¼pc 2009		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B'ham 11½pc 2012		109[illegible]	—	109[illegible]	100½	11.35	10.74
Ireland Cap 8½pc '10		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	—
9pc Cap 1996		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	—
13pc '97–02		114½	—	115	109½	[illegible]	—
Hydro Quebec 15pc 2011		[illegible]	+⅛	[illegible]	120[illegible]	[illegible]	10.52
Int–Am Dev 12½pc 2003		[illegible]	[illegible]	[illegible]	105[illegible]	[illegible]	9.76
9¾pc 2015		[illegible]	[illegible]	100[illegible]	[illegible]	[illegible]	9.71
Leeds 13½pc 2006		[illegible]	[illegible]	[illegible]	110[illegible]	11.58	10.67
Liverpool 3½pc Irred		[illegible]	—	31	[illegible]	11.67	—
LCC 3pc '20 Aft		[illegible]	[illegible]	[illegible]	26	[illegible]	—
Manchester 11½pc 2007		107	+⅛	107	97[illegible]	[illegible]	10.55
Met. Wtr. 3pc 'B'		[illegible]	—	[illegible]	52	5.77	8.76
N'wide Anglia 3⅞pc 2021		166[illegible] xd	—	168[illegible]	102	—	5.49
4⅛pc IL 2024		166[illegible] xd	—	167[illegible]	104	—	5.17
Utd Mex States 16½pc 2008		134[illegible]	—	135½	101	12.33	12.86

APPOINTMENTS

Ling moves along

Philip Ling, who led the growth by acquisition of Haden MacLellan Holdings, has stepped back into the role of non-executive chairman.

The change in his status at the industrial holding company is accompanied by the promotion of his long-time partner Mel Hawley from managing director to chief executive.

Ling, 45, says he had been kept busy when the company was being built up, "but I have not been that involved in actually running it. Mel has been doing that anyway."

As the transactions had thinned out, he had taken on more outside interests. These included non-executive directorships at P-E International, Emess and Ibstock Johnsen, as well as investments in small private businesses.

He and Hawley first teamed up in 1982 at London and Midland Industrials. LMI was taken over by Williams Holdings, but Ling bought back some of its subsidiaries. Haden MacLellan was formed in October 1987 with the merger of Haden and Haleworth with the quoted P&W MacLellan.

The 1987 crash roughly halved the share price but it then rose for two years, to a high of 257p. The waning of the share price – down to 107½p last night – has limited the scope for acquisitions.

■ Walter Bourne has been appointed chief operating officer of BOWTHORPE Holdings, the electronic components group. He is 56, has been with the group since 1964 and became a director in 1981. Although an accountant by training, Bourne is described by John Westhead, who was recently appointed chief executive, as "an extremely good marketeer".

■ Stephen Chipping has been appointed commercial director of MASAS Cargo International, part of the OCEAN group.

■ Chris Rowlands has been appointed group finance director of HTV; he moves from Asda.

■ Pam Lewis has been appointed marketing director of Evans Medical, part of MEDEVA; she moves from Bristol Myers Squibb.

Senior move from Senior

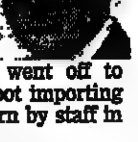
In the wake of management changes set in train by the imminent departure of Sir Roland Smith as chairman of Senior Engineering, David Cotterill, a director and divisional chief executive, is leaving to head Renold, the Manchester-based chain-maker.

Cotterill, 48, has been in charge of the construction services and mining equipment divisions, the former generally regarded as one of Senior's best operations. But as a consequence of Don McFarlane's move to fill Smith's spot in May, another divisional chief, John Bell, head of engineering products, rises to group managing director.

Renold, whose order book has been severely dented by the recession, says that the departure of Trevor Grice, who came in as chief executive in 1987, is unconnected with recent losses. It had been clear that Grice, 51, who lives on the other side of the Pennines and adds a 140-mile drive to a long day in the office, did not intend to do the job for more than five years.

Before going to Senior, Cotterill had been managing director of Fenner International; this gave him specific experience in power transmission, Renold's speciality.

Manufacturer for small chair



After just three weeks in the family catering and bakery business Richard Brucciani decided he had had enough and went off to run a small offshoot importing the paper hats worn by staff in fast-food outlets.

Twenty one years later Pal International has grown to turnover of £9m and a workforce of 180 making hygiene products for the catering, industrial and healthcare markets. Pal's success and sterling work in the CBI's East Midland region have propelled Brucciani, aged 46, into the post of chairman of the CBI's Smaller Firms Council.

This is an important job because it helps establish the CBI's credentials as a representative of small business – though many outsiders find it hard to believe that the organisation's big company members, who pay most of its bills, do not still call the shots.

Brucciani, whose grandfather came to England in the 1860s, says he did not leave the family firm because of a disagreement but because he realised retailing was not for him. He quickly moved Pal into manufacturing and has factories in Malta, Paris and Burnley as well as his headquarters in Oadby, Leicestershire. Pal has come through the recession well, meeting its 20 per cent annual profit growth target; this is because 45 per cent of sales are overseas and because food processing hygiene is an expanding market, Brucciani says.

He believes the British do themselves down when they say they are not good at manufacturing; they are actually quite good but don't encourage their best people to go into it.

A keen amateur pilot and "unskilled" but enthusiastic violin player, Brucciani has two years in which to put his message across.

LEGAL NOTICES

The Insolvency Act 1986
Notice of Creditors' Meetings in Administration Proceedings
MAXWELL GROUP HOLDINGS LTD
In Administration

Notice is hereby given that a meeting of creditors in the above matter is to be held at SOMERSET SUITE THE WALDORF ALDWYCH LONDON WC2 on the 28 February 1992 at 2.00 pm to consider my proposals under s.23(1) of the Insolvency Act 1986 and to consider establishing a creditors' committee
The Administrator

The Insolvency Act 1986
Notice of Creditors meetings in administration proceedings
ROBERT MAXWELL HOLDINGS LTD
In Administration

Notice is hereby given that a meeting of creditors in the above matter is to be held at SOMERSET SUITE THE WALDORF ALDWYCH LONDON WC2 on the 27 February 1992 at 10.00 am to consider my proposals under s.23(1) of the Insolvency Act 1986 and to consider establishing a creditors' committee
The Administrator

The Insolvency Act 1986
Notice of Creditors' Meetings in Administration Proceedings
HEADINGTON GROUP PLC
In Administration

Notice is hereby given that a meeting of creditors in the above matter is to be held at SOMERSET SUITE THE WALDORF ALDWYCH LONDON WC2 On the 28th February 1992 at 11.30 pm to consider my proposals under s.23(1) of the Insolvency Act 1986 and to consider establishing a creditors' committee.
The Administrator.

THE INSOLVENCY ACT 1986
Notice of Creditors' Meetings in Administration Proceedings
PHA INVESTMENTS LTD
In Administration

Notice is hereby given that a meeting of creditors in the above matter is to be held at SOMERSET SUITE THE WALDORF ALDWYCH LONDON WC2 on the 28 February 1992 at 10.00 am to consider my proposals under s.23(1) of the Insolvency Act 1986 and to consider establishing a creditors' committee
The Administrator.

PERSONAL

INTERNATIONAL PROPERTY

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs		36⅝xd	—	36⅝	20⅞	16,150	1.6
♥Allegheny & W.		316p	-6	385p	218p	184.2	5.3
Amdahl		1058pxd	+5	1071p	667p	1,174	0.5
Amer Cyanamid		32¼	-⅞	42⅛	25⅝	3,007	2.6
Amer Express		11⅜xd	+1/32	17⅞	9⅛	5,566	4.8
Amer T & T		20½xd	+⅜	24½	15¼	26,776	3.6
Ameritech		34⅛	+1⅛	36⅞	32½	14,941	5.6
BankAmerica		21⅜xd	-3/32	26⅜	12⅜	4,742	3.4
Bankers NY		34¼xd	-1/16	38⅛	20⅛	2,655	7.9
Bell Atlantic		25xd	+⅝	30½	24¼	9,631	5.7
BellSouth		28¾	+⅞	31¾	25	12,974	5.8
♥Bethlehem Steel		7 7/16xd	+1/16	11¼	6¾	566.9	—
Bowater		1327p	+14	1630p	1042p	476.7	5.1
CPC		46 3/16xd	+1 1/16	54 11/16	37 13/16	3,519	2.7
California Engy		646p	—	990p	420p	117.8	—
Campbell Soup	h	21⅝	+1 3/16	25	14⅛	5,436	1.8
Chase Manhattan		13⅛xd	+⅝	13⅛	5 3/16	1,784	5.1
Chrysler		9xd	+1/64	9 3/16	5⅛	2,580	3.8
Citicorp		8 15/32xd	—	10⅜	4⅝	3,076	—
Colgate-Palm		26 7/16xd	+7/16	27⅝	21 3/16	3,844	2.3
Cont'l Bank		823p	-18	928p	438p	831.7	5.5
Dana		17⅜xd	+1/16	21⅝	13⅝	714.2	5.2
Data General		836p	-7	1252p	203p	176.5	—
Dial		27 3/16xd	+½	27⅞	12⅞	1,084	2.9
Dun & Brad		30½	+⅛	31⅝	20¾	5,443	4.0
Eaton		38⅜	+1	48	24¼	1,366	3.2
Echlin		8 7/16xd	+3/16	8 15/16	5½	471.2	4.7
FPL		18 13/16xd	+7/16	20⅛	14⅛	3,210	7.1
Fluor		25⅛xd	+7/16	30⅜	17 3/16	2,033	0.9
Ford Motor		18⅝xd	+½	23¼	13	8,817	3.1
Gen Elect		42 7/16xd	+⅜	46 13/16	28 7/16	38,776	2.8
♥General Host		355p	+20	566p	270p	—	3.6
Gillette		27 15/16xd	+3/16	45¾	20⅞	6,188	1.2
Hasbro		23⅜	+⅛	24	7 13/16	1,349	0.6
Honeywell		40¾xd	+⅝	40¾	21¼	2,841	2.3

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES - Cont.

MEDIA

MOTORS

STORES

MINES

PACKAGING, PAPER & PRINTING

MERCHANT BANKS

OIL & GAS

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International

● "Tap Stock"

Highs and lows marked thus have been adjusted to allow for rights issues for cash

† Interim since increased or resumed

‡ Interim since reduced, passed or deferred

‡‡ Tax-free to non-residents on application

♦ Figures or report awaited

♥ Not officially UK listed; dealings permitted under rule 535(4)(a)

♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.

Not officially UK listed; dealings permitted under Rule 535(2)

Price at time of suspension

Indicated dividend yield after pending scrip and/or rights issue.

Merger bid or reorganisation in progress

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE:

OFFER PRICE:

BID PRICE:

CANCELLATION PRICE:

TIME: The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight.

HISTORIC PRICING:

FORWARD PRICING:

SCHEME PARTICULARS AND REPORTS:

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50 49	50 49	50 99	-0 01	10.1
Capital Prime	5½	48.38	48.69xd	51 94	+0.15	9 0
Ethical	5½	48.16	49.16	52.30	+0.56	4.90
European Growth	5½	47 65	47.86	51 05	-0 03	3.0
Income	5½	45 40	45 95	49 01	-0.15	8.02
Intl Growth	5½	66.24	66.29	70 71	+0.56	2 17
Managed	5½	58.24	58 58	62 49	[illegible]	4.55
UK Growth	5½	48.82	49.46xd	52 76	+0.34	5 87
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	195.6	197.5xd	205 7	+0 9	3.05
Do Income	3	183 0	184 8xd	192.5	+0 9	3 05
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	36.04	36 04	38.30	+0.2	2 43
UK Equity Gth Acc	5¼	49.22	50 17	53.31	+0 4	2.11
UK Eq High Inc Inc	5¼	28 41	29 07	30.89	+0.2	6.57
UK Eq High Inc Acc	5¼	31.94	32.69	34 74	+0.3	6.57
UK Equity Gen Acc	5¼	45.86	46.61	49.53	+0 4	3.47
UK Equity Gen Inc	5¼	35 89	36 48	38.76	+0.3	3.47
UK Larger Co Acc F	7½	302.9	306 8	332 9	+2.3	4 81
UK Larger Co Inc F	7½	243 8	247 0	268 0	+1.6	4.81
Gilt & Fxd Int Acc	5¼	28.32	28.39	30 03	+0.1	7 41
O'seas Lrg Co Acc F	7½	209 1	212 7	230.8	-0.7	2.01
Nth American Acc	5¼	35.25	35 40	37 62	+0 1	0 72
Far East Acc	5¼	39.10	40.11	42.62	-0.3	0 01
European Acc	5¼	34.06	35.98	38.23	-0.1	1.65
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	294 7	294.7	314 0	+3.5	0.73
(Accum Units) ♥	5	346.9	346.9	369.6	+4 1	0 73
British	5	797.5	810.5	857.5	+3 4	6 05
(Accum Units)	5	1310 3	1331.7	1408 9	+5 6	6.05
European	5	330.2	330.2	351.2	+0.5	1.42
(Accum Units)	5	357 8	357 8	380 7	+0 5	1.42
Japan	5	107.6	107 6	114 5	+0.2	-
(Accum Units)	5	108.5	108.5	115 4	+0.2	-
[illegible]	5	186.2	186 2	198.6	+3.2	1 75
[illegible]	5	191.2	191.2	204.0	+3 3	1.75
PEP Feb 5	5	148 8	150 3	159.0	—	3.54
Mngd Equity	5	125 0	126 3	133 6	+0.5	3.01
Mngd Equity Acc	5	132.6	134 0	141 7	+0.5	3.01
Mngd Cash	0	96 22	96.22	96.22	+0 02	10.20
(Accum Units)	0	118 6	118.6	118.6	—	10 20
Majority Stkg	1	100.24	101.24	101.25	+0 02	10.10
Majority Stkg Acc	1	109.16	109 16	110.26	+0.02	10.10

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital Jan 16	495 45	499.11	—	2.85
Gross Jan 16	170.31	171.68xd	..	11.36
High Yield Jan 16	280.25	282 47	—	7 79
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	52.92	54.03	+0.07	3.88
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1170 0	1262.0xd	—	—
Mngd Pens (Acc)	66.0	70.3	—	—
Lazard Brothers & Co. Ltd				
Property Sept 5	£2440.0	2580 0	—	7 00
Inc Gth Prp Jul 31	£1375.0	1440 0	—	8.90
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Feb 5	£3904.5	4075	—	3 90
European Feb 5	£573.0	579.5	—	1.51
American Feb 5	£360.2	363.3	—	2.24
Japan Feb 5	£468 6	475 9	—	1.32
Pacific Feb 5	£141.0	145.1	—	1.25
W Midlands Jan 31	£132.00	147.00	—	2.48
Local Authorities Mutual Invest. Tst*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Jan 31	196 75	200.75	—	7.93
Equity Jan 31	888 05	895.20	—	3.77
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Feb 10		103.78xd	+0.3	10.39
(Accum Units)		638.46	+1.5	10.39
NAACIF Jan 28		40 03xd	..	9.62
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Feb 11	127.0	137.0	-0 7	1.98
UK Small Co † Feb 11	318 4	369.5	-1.3	3.41
Fixed Interest † Feb 11	111.7	117.4	+0.3	8.53
US Small Co Feb 11	177 7	190.0	+1.0	1.90
Managed Feb 11	108 3	116 1	-0.3	3 41
Intl Grest Feb 11	121.6	128.3	+0.2	10.00
Japan Feb 11	68 68	73.23	-2.1	4 01
European Feb 11	90.72	97.20	+0 9	1.75

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	110.4	116.3	—	—
Pension Managed Fd	108.8	114.5	—	—
Life Deposit Fd	112.5	118.4	—	—
Pension Deposit Fd	120.0	126.3	—	—

For National Fis see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	174.8	184.1	—	—
UK Equity	184.2	193.9	—	—
Overseas Equity	142.1	149.6	—	—
Fixed Interest	161.5	170.1	—	—
Property	130.9	137.8	—	—
Index Linked	154.6	162.8	—	—
Deposit	167.4	176.5	—	—
With Profits (B)	137.0	144.2	—	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	357.3	376.2	+2.1	—
UK Equity	447.4	471.0	+2.0	—
Overseas Eq	343.9	362.1	+3.2	—
Americas	298.7	314.5	+6.3	—
Far East	350.1	368.6	+2.0	—
Property	194.2	204.5	—	—
Fixed Int	280.7	295.5	+1.0	—
Indexed Gilt	164.6	173.3	+0.3	—
Deposit	191.0	201.1	—	—
With Profit	106.4	112.9	—	—
Pension Fund (Accum Units)				
Managed	514.8	541.9	+2.4	—
UK Equity	601.9	633.6	+2.6	—
Overseas Eq	581.3	611.9	+5.7	—
Americas	380.9	401.0	+4.0	—
Far East	584.4	615.2	+4.0	—
Property	249.0	262.2	+0.1	—
Fixed Int	352.1	370.7	+0.7	—
Indexed Gilt	179.4	188.9	+0.3	—
Deposit	272.0	286.4	+0.1	—
NPI Pensions Management Ltd				
Managed Fund	1126.7	1146.8	—	—

Prices February 3 Next dealing March 2

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	217.2	229.2	+1.1	—
UK Fixed Int Acc	197.1	208.0	+0.1	—
Intl Equities Acc	179.9	189.8	+1.2	—
UK Managed Acc	172.1	181.5	+0.9	—
Property Acc	225.5	237.9	—	—
Money Acc	135.6	143.1	+0.1	—
Special Market Acc	156.6	165.2	+2.0	—
Japan Equity Acc	92.3	97.4	+0.1	—
North American Acc	111.2	117.4	+2.4	—
Pacific Acc	95.2	100.5	+0.5	—
Technology Acc	141.2	149.0	+0.8	—
Nat Resources Acc	56.2	59.3	+1.2	—
European Acc	103.2	108.9	+0.5	—
Residential Prop Acc	84.7	89.4	-0.2	—
Swiss Equities Acc	33.9	35.8	+0.2	—
Hong Kong Acc	73.7	77.8	+0.2	—
UK High Inc Eq Acc	69.5	73.4	+0.5	—
Int Fixed Interest Acc	61.7	65.1	+0.1	—
Int Managed Acc	58.1	61.2	+0.3	—
HIP Managed Acc	118.1	124.5	+0.7	—
HIP Managed II Acc	104.5	110.2	+0.9	—
HIP Managed III Acc	112.7	118.8	+0.7	—
Total Investment Bond				
UK Equity Initial		147.0	+0.8	—
UK Fixed Int Initial		133.6	—	—
Intl Equities Initial		121.0	+0.7	—
UK Managed Initial		116.6	+0.5	—
Property Initial		153.9	—	—
Money Initial		92.4	+0.1	—
Special Market Initial		121.0	+1.4	—
Japan Equity Initial		71.3	+0.1	—
North American Initial		85.9	+1.7	—
Pacific Initial		73.5	+0.3	—
Technology Initial		109.1	+0.6	—
Nat Resources Initial		43.4	+0.9	—
European Initial		92.1	+0.4	—
Residential Prop Init		80.5	-0.2	—
Swiss Equities Initial		32.2	+0.1	—
Hong Kong Initial		78.1	+0.3	—
UK High Inc Eq Init		66.1	+0.5	—
Int Fixed Interest Init		59.4	+0.1	—
Int Managed Init		56.1	+0.3	—
HIP Managed Init		114.2	+0.6	—
HIP Managed II Initial		102.4	+0.8	—
HIP Managed III Init		111.6	+0.7	—
Broker Funds				
High Performance	75.3	79.4	-0.2	—
Towerhill Mngd Fd Acc	39.0	41.1	+0.6	—
YRA Executive Fd	99.9	105.3	+0.2	—

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED**)

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$16.23	17.05	+0.36	2.02
Japan Tech	$55.94	58.74	-0.77	0.00
Japan Fund	$23.50	24.77	-0.34	0.00
Japan New Ctry Fd	$18.45	19.38	-0.26	0.00
Malay Sing	$61.41	64.49	----	0.00
Asia American	$24.62	25.86	+0.07	0.00
Octopus Fund	$24.56	25.79	-0.29	0.93
Pacific Fd	$65.07	68.33	-0.26	0.97
International Bond	$17.65	18.54	-0.06	7.61
Europa Fund	$14.08	14.79	-0.07	0.75
British Screen Fd	£0.88	0.93	+0.01	1.72
Tristar Warrant	$12.67	13.31	-0.28	0.00
Hong Kong	$57.50	60.38	-0.81	1.20
Mngd Portfolio (Stlg)	£4.14	4.46	(z)	0.00
Mngd Portfolio (DM)	$10.80	11.40	(z)	0.00
Currency Fd-Sterling	£20.06		----	9.56
Currency Fd-US Dollar	$15.60		+0.01	4.50
Curr Fd-Deutschemark	DM43.52		+0.01	7.86
Curr Fd-Managed $	$46.27	48.58	-0.21	4.87
Baring Mutual Fund Mngmt (Ireland) Ltd				
New Asian Fund	$99.92		----	0.00
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Svc Series*	$1.00		----	3.80
Investment Series*	$1.00		----	3.78
Investment Gth Series	$100.20		+0.01	4.15

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)F						
Lord Street, Douglas, IoM 0624 661551						
ADI Managed(z)	5	$0.6009	0.6009	0.6399	[illegible]	1.28
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ADI Nth Amer Gth(z)	5	[illegible]	[illegible]	[illegible]	[illegible]	1.06
ADI Far East (z)	5	$1.132	1.132	1.204	[illegible]	0.01
ADI Gilt & Income(z)	5	[illegible]	[illegible]	[illegible]	[illegible]	1.1
ADI UK Cap Gth (z)	5	[illegible]	[illegible]	[illegible]	[illegible]	0.63
ADI Europe Fd (z)	5	[illegible]	[illegible]	1.225	----	3.42

For conversion Prices of Shares Please: 0624 662840

Asset Global Funds Ltd (1200)

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Trust Funds—Contd.						
UK Equity	5	146.65	146.65	159.72	+0.76	0.86
International Equity	5	122.92	122.92	131.46	-0.10	0.00
Far Eastern	5	91.02	91.02	97.34	+0.74	0.00
European	5	88.52	88.52	93.77	-0.05	0.00
Pan American	5	178.46	178.46	189.62	+3.24	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	99.24	99.24	102.57	-0.24	9.75
Monthly Share	3	97.93	97.93	101.19	-0.23	9.88

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling	£21.86		+0.02	9.7
US Dollar	$31.73		[illegible]	3.1
Deutschemark	DM56.45		+0.02	8.3
Yen	Y4,098		+0.01	4.0
Managed Multicurrency	£13.22	13.69	+0.07	–
Managed Multicurrency	$25.47	26.37	+0.01	–
Bond Funds				
Sterling Bond	£0.425	0.441	+0.001	10.6
US Government Income	$100.49	104.07	-0.02	6.7
Asian Selection Funds				
Hong Kong	$15.040	15.832	-0.289	3.0
Indonesia	$8.463	8.906	-0.115	2.5
Korea	$10.227	10.765	-0.083	2.5
Malaysia	$11.199	11.788	+0.102	0.5
Philippines	$12.441	13.096	+0.036	2.5
Singapore	$12.234	12.878	-0.041	1.0
Thailand	$13.371	14.075	+0.034	[illegible]
South East Asia	$13.015	13.700	-0.099	[illegible]
US Dollar Liquidity	$9.630	10.112	-0.001	3.4
Cater Allen Investment Management (CI)				
CA Gilt Income	£6.43	6.73	----	14.06
CA Gilt & Futures	£0.997	1.049	----	7.63
CA Equity Gwth	£3.78	4.12	-0.01	3.40
Citibank (CI) Ltd "Citifunds"				
Liquidity Funds				
Deutschemark	DM30.619		+0.007	–
Yen	Y3039.314		+0.417	–
Sterling	£12.412		+0.008	–
US Dollar	$18.403		+0.005	–
Managed	$18.592		-0.003	–

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

LUXEMBOURG (REGULATED)(**)

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar rises against D-Mark

THE DOLLAR strengthened against the D-Mark yesterday spurred by speculators, rumours and the increasing perception that the Federal Reserve would not cut rates, *writes Peggy Hollinger.*

The US unit jumped almost two pfennigs against the D-Mark in the morning, before Mr Alan Greenspan, chairman of the Federal Reserve, spoke to US bankers.

Although he left his options open for a further rate cut, Mr Greenspan said he felt existing actions would be sufficient to prompt recovery. The economic payoff should come soon, he added.

Bolstering his statement, a Washington-based consultancy, Johnson and Smick, issued its own view that the Fed would not cut rates in the near-term.

The dollar closed in London up two pfennigs at DM1.5905.

The DM1.59 rate was seen as a key support level. The dollar is expected to trade within a fairly narrow range while the market waits for the next significant economic data from the US.

Retail sales for January, which are published on Thursday, are expected to be flat.

Dollar sentiment was also boosted by talk that the Bank of Switzerland would not prevent a sharp fall in the Swiss franc. Although the Bank denied the rumours, the damage had been done and the dollar strengthened from SFr1.4040 to close at Sfr1.4240 in London.

The yen weakened against the dollar in line with the D-Mark's decline. At one stage, the Japanese unit hit Y127.50 against the dollar – close to the level at which the Fed and the Bank of Japan intervened last month. However, the rate fell back to Y126.85, just 15 basis points above Monday's close.

A senior trader said there had been "good interest" in dollar for yen trade from Japanese banks.

Sterling also took some heat from a stronger dollar, falling in London from $1.8260 to $1.8015. However, within the European exchange rate mechanism, the pound appeared undeterred by speculation of a rate cut in the UK.

It weakened only slightly against the D-Mark, from DM2.8675 to DM2.8650.

"The powers that be would be encouraged by sterling's performance against a background of rumoured rate cuts," said one dealer.

Paradoxically, when the Bank of England signalled that it would not cut yesterday, sterling actually fell 20-30 points, the dealer added.

Rumours were rife during in the day that the Spanish and British central banks would simultaneously cut rates at some stage.

The peseta's lead within the ERM is keeping sterling pressed against the limit of its allowed diverence from the central ecu rate.

Sterling ended at Pta 180.68/78, virtually brushing the ERM floor of Pta 180.59.

Spanish inflation figures are to be published on Thursday, which could offer the opportunity of a rate cut in Spain.

£ IN NEW YORK

Feb.11	Latest	Previous Close
£Spot	1.8015-1.8025	1.8180-1.8190
1 month	0.93-0.91pm	0.95-0.93pm
3 months	2.79-2.76pm	2.86-2.83pm
12 months	9.58-9.48pm	9.78-9.68pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

Singapore	2.9315 - 2.9390	1.6260 - 1.6280
S.Af (Cm)	5.0080 - 5.0195	2.7800 - 2.7815
S.Af (Fn)	6.2685 - 6.3795	3.4660 - 3.5275
Taiwan	45.10 - 45.20	24.95 - 25.00
U.A.E.	6.6505 - 6.7280	3.6715 - 3.6735

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 11	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.676	-3.71	6.12	64
Belgian Franc	42.4032	42.0549	-0.82	3.03	38
Dutch Guilder	2.31643	2.29866	-0.77	2.97	36
D-Mark	2.05586	2.04202	-0.67	2.88	41
Irish Punt	0.767417	0.766218	-0.16	2.34	6
Italian Lira	1538.24	1537.49	-0.05	2.23	1
French Franc	6.89509	6.95882	0.92	1.25	-32
Danish Krone	7.84195	7.92136	1.01	1.16	-48
Sterling	0.696904	0.712125	2.18	0.00	-43

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8005 - 1.8220	1.8010 - 1.8020	0.93-0.91cpm	6.13	2.78-2.75pm	6.14
Canada	2.1270 - 2.1370	2.1310 - 2.1320	0.58-0.51cpm	3.07	1.74-1.61pm	3.14
Netherlands	3.2225 - 3.2385	3.2275 - 3.2385	[illegible]cpm	0.93	[illegible]pm	0.62
Belgium	58.90 - 59.15	58.90 - 59.00	7-2cpm	0.92	14-8pm	0.75
Denmark	11.0975 - 11.1330	11.0975 - 11.1075	[illegible]orepm	0.34	[illegible]pm	0.32
Ireland	1.0740 - 1.0775	1.0760 - 1.0770	0.02-parcpm	0.11	0.07-parpm	0.13
Germany	2.8625 - 2.8710	2.8625 - 2.8675	[illegible]pfpm	0.79	[illegible]pm	0.70
Portugal	246.05 - 247.55	246.55 - 247.55	59-81cdis	-3.40	193-236dis	-3.46
Spain	180.35 - 180.85	180.55 - 180.85	28-44cdis	-2.39	99-120dis	-2.42
Italy	2135.50 - 2160.90	2156.75 - 2157.75	2-4liredis	-1.67	8-10dis	-1.67
Norway	11.2225 - 11.2600	11.2225 - 11.2325	[illegible]oredis	-0.33	[illegible]dis	-0.13
France	9.7550 - 9.7895	9.7625 - 9.7725	[illegible]cpm	0.31	[illegible]pm	0.26
Sweden	10.3975 - 10.4425	10.3975 - 10.4075	[illegible]oredis	-1.80	[illegible]dis	-1.85
Japan	228.00 - 230.45	228.00 - 229.00	[illegible]ypm	4.92	[illegible]pm	4.81
Austria	20.15 - 20.20	20.16 - 20.19	[illegible]gropm	0.67	[illegible]pm	0.56
Switzerland	2.5600 - 2.5720	2.5600 - 2.5700	[illegible]cpm	2.92	[illegible]pm	3.02
Ecu	1.4020 - 1.4060	1.4040 - 1.4050	0.02-parcpm	0.09	0.06-parpm	0.09

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.35-5.30cpm. 12 Month 9.60-9.50pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8005 - 1.8220	1.8010 - 1.8020	0.93-0.91cpm	6.13	2.78-2.75pm	6.14
Ireland†	1.6735 - 1.6905	1.6780 - 1.6790	0.88-0.83cpm	6.11	2.67-2.57pm	6.24
Canada	1.1765 - 1.1825	1.1810 - 1.1820	0.29-0.31cdis	-3.05	0.87-0.92dis	-3.03
Netherlands	1.7725 - 1.7930	1.7905 - 1.7915	0.80-0.83cdis	-5.46	2.49-2.53dis	-5.61
Belgium	32.40 - 32.80	32.70 - 32.80	14.00-16.00cdis	-5.50	43.00-48.00dis	-5.56
Denmark	6.1080 - 6.1785	6.1600 - 6.1650	2.80-3.10oredis	-5.74	8.50-9.80dis	-5.94
Germany	1.5740 - 1.5930	1.5900 - 1.5910	0.71-0.72pfdis	-5.39	2.20-2.22dis	-5.56
Portugal	136.60 - 137.00	136.80 - 136.90	113-120cdis	-10.22	335-355dis	-10.08
Spain	99.15 - 100.35	99.95 - 100.05	69-72cdis	-8.46	213-219dis	-8.64
Italy	1184.50 - 1198.30	1197.25 - 1197.75	7.30-7.80liredis	-7.57	22.80-23.80dis	-7.78
Norway	6.1800 - 6.2500	6.2300 - 6.2350	3.00-3.40oredis	[illegible]	9.15-10.55dis	[illegible]

EURO-CURRENCY INTEREST RATES

Feb 11	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½
US Dollar	4 - 3¾	4 - 3¾	4 - 3¾	4 - 3¾	4⅛ - 3⅞	4½ - 4¼
Can. Dollar	7¼ - 6⅞	7¼ - 6⅞	7¼ - 6⅞	7¼ - 6⅞	7¼ - 6⅞	7½ - 6⅞
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Swiss Franc	7¼ - 7	7¼ - 7	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾
D-Mark	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
French Franc	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10 - 9⅞	9⅞ - 9¾
Italian Lira	12 - 10	11⅝ - 11¼	12 - 11⅝	12 - 11⅝	12 - 11⅝	12 - 11⅝
Belgian Franc	9⅞ - 9⅝	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Yen	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝	5¼ - 5⅛	5⅛ - 5	4⅞ - 4⅝
Danish Krone	10 - 9¾	10 - 9¾	10¼ - 10	10¼ - 10	10¼ - 10	10 - 9¾
Asian $Sing	3¾ - 3½	3⅞ - 2⅞	3⅞ - 3⅝	3⅞ - 3⅝	3¾ - 3½	3¾ - 3½

Long term Eurodollars: two years 5⅛-5¼ per cent; three years 6⅛-6 per cent; four years 6⅝-6½ per cent; five years 7-6⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.11	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	Ecu
£	1	1.802	2.865	228.5	9.768	2.565	3.228	2157.	2.132	58.95	1.405
$	0.555	1	1.590	126.8	5.421	1.423	1.791	1197	1.183	32.71	0.780
DM	0.349	0.629	1	79.76	3.409	0.895	1.127	752.9	0.744	20.58	0.490
YEN	4.376	7.886	12.54	1000.	42.75	11.23	14.13	9440	9.330	258.0	6.149
F Fr.	1.024	1.845	2.933	233.9	10.	2.626	3.305	2208	2.183	60.35	1.438
S Fr.	0.390	0.703	1.117	89.08	3.808	1	1.258	840.9	0.831	22.98	0.548
H Fl.	0.310	0.558	0.888	70.79	3.026	0.795	1	668.2	0.660	18.26	0.435
Lira	0.464	0.835	1.328	105.9	4.529	1.189	1.497	1000.	0.988	27.33	0.651
C $	0.469	0.845	1.344	107.2	4.582	1.203	1.514	1012	1	27.65	0.659
B Fr.	1.696	3.057	4.860	387.6	16.57	4.351	5.476	3659	3.617	100.	2.383
Ecu	0.712	1.283	2.039	162.6	6.952	1.826	2.298	1535	1.517	41.96	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE BUND FUTURES OPTIONS

LIFFE EUROMARK OPTIONS

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS

LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	-	-	-	-	-	-
107	1.21	-	-	0.05	0.21	-
108	0.48	1.06	-	0.27	0.48	-
109	0.07	1.30	-	0.93	0.73	-
110	0.02	0.75	-	-	1.20	-
111	-	0.40	-	-	-	-
112	-	0.21	-	-	-	-
113	-	0.10	-	-	-	-
Open int.	122,861	52,984	8,195	109,097	47,091	2,976

Estimated volume 14,541 Total Open Interest 343,202

POUND - DOLLAR

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Beechmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5	● Members of British Merchant Banking & Securities Houses Association.	
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

MONEY MARKETS

Rumours hit rates

THE money markets kept up a fury of speculation about an imminent cut in UK interest rates yesterday, with short-term money softening during the day.

However, many traders said the market had misinterpreted recent actions by the Bank of England to stem cash shortages. The decision to leave the market short today was taken as a sign that the Bank had no intention of easing policy this week, at least.

Today was expected to be a tight day, and a repurchase offer from the Bank would depend on continuing interest rate speculation, said one senior dealer.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

The March short sterling contract jumped to 89.86 in the morning, although it closed at its opening levels of 89.80. This implies an interest rate of 10.2 per cent by the time the contract falls due, just one week after the budget on March 10.

The budget could provide the best opportunity for a rate cut, said Mr David Cocker, treasury adviser at Chemical Bank. If it boosted the Conservative Party's chances in the forthcoming general election, then sterling could strengthen. This would give the "window of opportunity" to cut base rates, Mr Cocker said.

The market was also increasingly playing with the idea of a ½ point cut in rates to accompany the retail price figures out on Friday, said Dr Mark Austin, an economist with HongKong Bank.

The Bank of England left the market guessing about a rate cut during the morning, ignoring the relatively small £250m shortage it had forecast for the day. By noon, however, it was apparent that the Bank would not act on rates.

In the afternoon, the Bank bought £23m in band one bills at 10⅜ per cent. Late assistance of £10m left the market £217m short, but overnight rates barely moved.

Overnight money traded at about 10½ per cent for most of the day and closed slightly firmer at 10⅝-½ per cent.

The key three-month interbank rate, which is used as an indicator of interest rate sentiment, was easier yesterday at 10⅜-¼ per cent.

In Germany, call rates held steady at 9.55/65 per cent. Liquidity is expected to come under pressure next week when tax payments for February fall due.

In the US, the Federal Reserve signalled no change in the funds rate by draining reserves at 3⅞ per cent. The presumed target is 4 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.11) 3 months US dollars		6 months US Dollars	
bid 3¾	offer 4	bid 3⅞	offer 4⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,771 Set by CINEPHILE

ACROSS

1 Remove what one can't get hold of (8)
5 Dance within dance left off in Indian city (6)
9 In transport, allow use of a list of dates (8)
10 Monster to continue too long (6)
12 Attempt at writing letters to listeners (5)
13 There's no such thing, they say, eluding leaders among foreigners (4,5)
14 Where to snipe at the press? (6)
16 One who executes some changes on island (7)
19 University league, half of it female, on trailer (3,4)
21 Make rough contact with bits of Stalin when he's around (8)
23 Trifles to eat for stimulation of a playwright (9)
25 Eliot's land was for Lawrence initially (5)
26 Legal official's polite refusal to railway (6)
27 Skin infection could be wrong in lip (8)
28 Walked at length when sorted out (6)
29 Robe for surgeon entertaining street folk (8)

DOWN

1 Bow before lady, an English sign (6)
2 City of the plain wiped off the map of Africa (9)
3 Liquid like mead? (5)
4 Angled edge formed by beetle, about a metre (7)
6 Rigid principles? Bad luck! (4,5)
7 Follower of woodland deity, including some agriculture? (5)
8 Ten-minute ovation, possibly, but not from stenographer? (8)
11 Network to keep me quiet (4)
15 Precious, without doubt, in walk (9)
17 Fifty times one formed a significant event (9)
18 Selections that are easy for the spoiler (8)
20 Sub-natural accommodation? (4)
21 Nothing but diamonds can be right (7)
22 Tree in a fit of temper conceals rail (6)
24 Provide grub for pillar? (5)
25 Island with grand characters (5)

Solution to Puzzle No.7,770

WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices February 11

INDICES

NEW YORK

DOW JONES	Feb 10	Feb 7	Feb 6	Feb 5	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3245.08	3225.40	3255.59	3257.60	3272.81 (4/2)	3172.41 (2/1)	3272.81 (4/2/92)	41.22 (2/7/32)
Home Bonds	99.45	99.67	99.81	99.49	99.81 (6/2)	98.77 (3/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1388.83	1383.22	1392.19	1383.41	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	207.44	206.25	207.81	207.75	225.59 (3/1)	206.25 (7/2)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3269.01 (3283.09*) Low 3208.86 (3199.91*)

STANDARD AND POOR'S	Feb 10	Feb 7	Feb 6	Feb 5	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	413.77	411.09	413.82	413.84	420.77 (15/1)	408.78 (31/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	492.51	489.59	492.61	492.88	499.27 (15/1)	485.57 (31/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.26	34.13*	34.35	34.20	35.14 (15/1)	33.55 (31/1)	36.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	228.93	227.65	228.96	228.87	231.85 (15/1)	226.20 (31/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	415.14	415.41	416.25	415.24	416.25 (6/2)	395.51 (2/1)	416.25 (6/2/92)	29.31 (9/12/72)
NASDAQ Composite	634.13	634.95	637.67	636.97	637.67 (6/2)	586.45 (2/1)	637.67 (6/2/92)	54.87 (31/10/72)

	Feb 7	Jan 31	Jan 24	year ago (approx.)
Dow Industrial Div. Yield	2.87	2.88	2.87	3.57
	Feb 5	Jan 29	Jan 22	year ago (approx.)
S & P Industrial div. yield	2.56	2.59	2.53	3.20
S & P Indl. P/E ratio	25.43	25.10	25.60	16.58

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Unisys Corp	5,772,100	9½	+ 1⅛
Citicorp	4,854,800	16⅞	- ⅛
Maxus Energy	3,833,600	7⅛	+ 1⅛
Boeing	2,707,900	48⅞	- 1⅛
Philip Morris	2,448,500	75	- ⅛
Chemical Bank	2,438,700	32⅛	+ 1⅛
RJR Nabisco	2,327,600	10⅝	—
Glaxo	2,056,500	30⅝	+ ⅛
Sec Pacific	1,974,600	32½	- ⅛
Pepsico	1,865,200	31⅛	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Feb 10	Feb 7	Feb 6
New York SE	184.390	228.601	238.180
Amex	16.465	22.480	19.112
NASDAQ	191.595	238.054	244.208
NYSE			
Issues Traded	2,203	2,184	2,174
Rises	1,063	709	902
Falls	652	968	769
Unchanged	488	507	503
New Highs	102	126	139
New Lows	10	17	14

CANADA

TORONTO	Feb 10	Feb 7	Feb 6	Feb 5	1992 HIGH	1992 LOW
Metals & Minerals	3037.21	3005.25	2998.11	2984.43	3238.87 (16/1)	2935.22 (2/1)
Composite	3608.50	3596.33	3606.70	3605.92	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1890.29	1879.04	1881.95	1885.25	1937.59 (16/1)	1856.55 (2/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. * Correction.

WORLD						
M.S. Capital Intl.(1/1/70) ($)	523.6*	526.0	528.0	528.6	542.10 (7/1)	520.10 (13/1)
Euro Top-100 (26/6/90)	915.87	914.59	914.06	916.50	923.01 (28/1)	870.31 (2/1)

**Saturday February 8: Taiwan Weighted Price 5217.63 Korea Comp Ex. 691.48.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 10 February 1992

	Stocks Traded	Closing Prices	Change on day
Kubota	3.1m	611	-9
Clarion	2.8m	1,100	+30
Ube Inds	2.3m	461	-12
Sharp	1.8m	1,440	+10
M'bishi Heavy	1.7m	644	-8
Nippon Steel	1.6m	350	-4
Aomori Bank	1.5m	595	-1
Hitachi	1.4m	884	-4
Toshiba	1.4m	649	+14
77 Bank	1.4m	821	-29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:00 pm prices February 11

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅝	12¾	AAR Corp x	0.48	3.1	17	225	u16⅞	15½	15⅝	+⅛
28	22½	A L Labs A	0.16	0.7	24	264	23¼	d22½	22½	-½
68¾	58⅛	AMP Inc x	1.52	2.5	25	1023	62½	61⅛	61½	-1
75½	69⅛	AMR			25	2934	73¾	72⅝	73¼	+¾
2⅜	1⅞	ARX			3	161	u2⅜	2⅛	2¼	+⅛
53½	46¼	ASA	2.00	4.0	14	487	50⅛	49⅝	49⅝	-⅝
68⅜	60¾	Abbott Lab	1.00	1.6	25	2231	65	64⅜	64¾	-⅛
13¼	12⅛	Abitibi Pr	0.50	3.8	17	50	u13¼	12⅞	13⅛	+⅜
11⅝	10½	ACM Gvt In x	0.96	9.0		179	10¾	10⅝	10⅝	-⅛
10⅛	9⅛	ACM GvOpp x	0.80	8.5		153	9⅞	9¼	9⅜	
9½	8⅜	ACM Gvt Sp x	1.01	11.5		485	8¾	d8⅝	8¾	+⅛
11¼	10⅛	ACM Gvt Se	1.26	12.0		1141	10½	10¼	10½	+¼
9⅜	8⅝	ACM Man x	0.98	10.8		253	9⅛	9	9	-⅛
12⅞	11⅞	ACM Mangd x	1.08	9.0		79	12	d11⅞	12	
10⅛	7	Acme Cleve x	0.40	4.0	18	53	9⅞	9⅝	9⅞	+½
5⅛	4½	Acme Elect			3	41	4⅝	d4½	4½	-⅛
33¼	21½	Acuson			13	4580	22⅞	22⅛	22¼	-½
19⅜	18½	Adams Exp x	0.48	2.6	0	95	18⅞	18¾	18⅞	-⅛
16½	13	Adobe12Pf	2.40	16.1		30	15⅛	14⅞	14⅞	-⅛
5⅞	4½	Adobe Res			52	93	u5⅜	5⅛	5¼	-⅛
49⅛	42¼	Ad Micro				141	48	47½	47½	-¼
21½	17⅝	Ad Micro P	3.00	14.6	13	4527	20⅞	20½	20½	-¼
7	5	Advest Grp	0.16	2.3	28	350	u7⅛	6¾	6⅞	
45¾	39	Aetna Lf	2.76	6.3	8	882	43¾	43	43⅝	+½

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	1992 Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28¾	26½	SafetyKln x	0.34	1.2	26	559	27¾	27¼	27½	-⅛
20¾	17½	Safeway				392229	18⅝	18⅛	18⅜	-⅛
4⅜	3¾	SafewayW96				42	4⅛	4	4	-⅛
34¾	29⅞	StJoePaper	0.20	0.6	45	130	u34¾	34¼	34⅜	-⅛
34¾	32½	StJoeL&P x	1.72	5.2	13	9	32¾	d32½	32¾	-⅛
75¾	69½	St Paul's x	2.72	3.8	7	237	72⅝	71¼	72½	+1⅛
7¾	2⅝	Salant Crp			0	26	6½	6⅜	6½	-⅛
75⅛	67	Sallie Mae x	1.00	1.4	19	1361	71¾	70½	70½	-⅛
14¼	13⅝	Salomon Br	1.61	11.3		980	u14½	13⅞	14¼	+¼
32½	28⅝	SalomonInc	0.64	2.1		73362	30⅝	29⅝	30	+¼
45⅛	42⅞	SanDgo G&E	2.80	6.4	12	82	43¾	43½	43⅝	+⅛
3⅜	2⅞	SantaFeEDu	0.40	12.8	26	112	3¼	3⅛	3⅛	-⅛
9⅜	7	SantaFeERs	0.16	1.8	31	2079	u9⅜	8⅞	9	+¼
38⅝	33	SantaFePac	2.75	8.3	10	72	33¼	33⅛	33⅛	-⅛
14⅛	11½	SantaFeSth			21	984	12	11¾	11¾	-⅜
57	48¼	Sara Lee x	1.00	1.9	22	921	52½	51¼	52⅜	+⅛
2⅜	1¾	Savin				367	u4⅛	2⅜	4⅛	+1¾
1⅝	⅞	Savin 0.80	0.80	45.7		510	u1¾	1⅝	1¾	+¼
44⅞	40½	Scana Corp	2.62	6.4	12	129	41¼	41	41	-⅛
47⅞	40⅝	Scecorp	2.72	6.6	12	1051	41⅛	40¾	41	+⅛
68	58¼	ScheringPl x	1.32	2.2	19	7186	60¾	59	59⅝	-1
64⅞	57¼	Sch'berger x	1.20	2.0	22	4391	61⅛	60	61¼	+1¼
36¾	29⅛	Schwab(C) x	0.16	0.5	24	448	31⅛	30⅝	31⅛	+⅜
8⅝	6⅞	Schwitzer			18	37	8	7¾	7¾	-⅛
19¾	15⅞	ScientAtln	0.16	0.8	125	1129	19	18⅞	18⅞	-¼
9½	7⅛	Scotman	0.10	1.1	14	49	9⅜	9¼	9¼	-¼
43⅛	34½	ScottPaper x	0.80	1.9	27	630	u43⅛	42	42	-1⅛

- X - Y - Z -

1992 High	1992 Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
82¼	68½	Xerox x	3.00	3.8	18	3586	80½	78⅛	79⅜	+⅛
53½	50½	Xerox4.125 x				15	u53½	52½	53¼	
27½	24⅞	Xtra 1.94 x	1.94	7.2		30	26¾	26¾	26⅞	
34¼	28½	Xtra Corp x	0.80	2.4	14	65	33⅞	33½	33⅝	-⅛
27	25¼	Yankee Egy	1.00	6.1	13	54	26½	26¼	26¼	-⅛
1⅞	½	Zapata				23	432	u1⅞	⅞	+⅛
9⅞	7⅛	ZenithElec				3	365	9⅛	9	9⅛
16⅞	15¼	Zenith Nat	1.00	6.2	13	61031	16¼	16¼	16⅜	+⅛
6⅝	6	Zenix Inc	0.84	12.7		205	u6¾	6⅝	6⅝	
12¾	11⅛	Zero Corp x	0.40	3.1	19	173	u12⅞	12⅝	12¾	+⅛
38	34⅝	Zurn Ind x	0.88	2.5	15	236	35	d34½	34⅞	
14⅛	13⅞	Zweig Fund	1.16	8.7		208	13½	d13⅜	13⅜	
11	10⅝	Zweig Tot x	0.96	9.0		489	10¾	d10⅝	10⅝	-⅛

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices February 11

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Old Corp	0.14	8	882	8	7⅞	8	
Pall Corp	0.38	34	450	31¼	30⅛	31	+⅜
Pegasus G	0.10	8	775	13¼	13	13⅛	+⅛
Perini		9	57	u14⅛	13½	13⅞	-⅛
UtdFoodsB		81	32	1⅝	1⅝	1⅝	
UnivPtnts		38	24	10¾	10½	10½	-⅛
US Cellul		36	7	22	21⅞	22	+⅛
Viragen		20	75	14⅛	d13⅝	13¾	-⅛
VargLab C		2	33	7⅛	7⅜	7½	+⅛
VargLab B		110	210	u4⅛	4	4⅛	+⅛
Weatherfd		38	358	4⅜	4⅜	4⅜	
Wesmer x	0.48	9	279	20½	20⅜	20⅝	+⅛
WiRET	1.20	18	57	13⅞	13½	13⅝	-⅛
Worthen		8	57	19	18¾	18¾	-⅛
Xytronix		22	124	16⅞	15¼	16½	+1

NASDAQ NATIONAL MARKET

3:00 pm prices February 11

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Xilinx		28	798	27¼	26¾	27	
Xoma Corp		13	3942	24⅛	22¾	23¾	+⅛
Yellow Fr x	0.94	31	88	30	29⅝	29¾	-⅛
York Rsch		57	1094	7	6⅛	6⅞	
ZionsUtah	1.44	9	141	u48	46	47½	+1½

AMERICA

Dow holds up despite receding rate cut hopes

Wall Street

SHARE prices were little changed yesterday morning after investors shrugged off comments from Mr Alan Greenspan, chairman of the Federal Reserve, which appeared to rule out another interest rate cut, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 0.67 at 3,244.41, and the index rarely strayed from its overnight close all morning. The more broadly based Standard & Poor's 500 was slightly weaker at midsession, down 0.87 at 412.90 at 1 pm, while the Nasdaq composite of over-the-counter stocks failed to hold on to its early gains, slipping 0.65 to 633.48. Rises outpaced declines by 813 to 740, an indication of the market's underlying firm tone.

Although investors remain sensitive to changes in monetary policy – recent gains have been fuelled by hopes of an interest rate cut – they chose to ignore statements by Mr Greenspan yesterday which indicated he was satisfied that the last interest rate cut, a one percentage point reduction in the discount rate on December 20, would be sufficient to spur the economy towards a solid recovery.

Attention focused on individual corporate stories, in particular on quarterly results. Goodyear climbed $1¼ to $61¼ after the tire company announced fourth quarter income of $105.1m, a big improvement on the $11.6m earned at the same stage of 1990.

Corning Glass fell $1 to $29½ and Dow Chemical lost $⅞ at $56⅞ as the controversy surrounding the silicone breast implants manufactured by Dow Corning, which is jointly owned by the two companies, continued.

After a delayed opening due to an order imbalance on the buy side, Greyhound jumped $1⅛ to $10 on the American Stock Exchange after an analyst at Legg Mason Wood Walker issued an initial buy recommendation, arguing that the company, which emerged from bankruptcy last October, is well positioned to benefit from its role as the only US national bus operation.

Deere & Co climbed $1 to $52⅞ in the wake of an upgrade from Bear Stearns, the broking house, which now rates the agricultural equipment manufacturer's stock a "buy".

First Fidelity Bancorp rose $½ to $34 after Alex Brown & Sons added the stock to its "emphasis" list for institutional clients, citing the group's capital strength, asset quality improvement and operating efficiencies.

On the over-the-counter market, Medical Graphics soared $13⅞ to $17 in active trading after the Food and Drug Administration granted approval for the company's pulmonary function diagnostic system.

Canada

THE first phase of the US treasury refunding kept equity traders on the sidelines in Toronto and the market was flat at midday. The TSE 300 composite index rose 0.5 to 3,609.0. Advancing issues narrowly led decliners by 215 to 214 on volume of 15.5m shares valued at C$146.5m.

Among active issues, Sherritt Gordon rose C$¼ to C$9¼, Placer Dome rose C$¼ to C$12½, Lac Minerals eased C$¼ to C$8⅝ and Mitel Corp rose 10 cents to C$1.70.

Hollinger, the holding company for the publisher Mr Conrad Black, rose C$¼ to C$13¼. A Hollinger vice president said the company is taking a closer look at the New York Daily News.

SOUTH AFRICA

JOHANNESBURG was held back by the weak financial rand. The JSE all-share index gained 6 to 3,666 in low volume. The all-gold index put on 3 to 1,287, with Vaal Reefs unchanged at R224 and Southvaal shedding R1 to R73. Industrials rose 9 to 4,490.

Foreign capital flows into Brazil on inflation hopes

For the second consecutive month this emerging market is the best performer, writes **Antonia Sharpe**

Optimism about inflation and hopes that the International Monetary Fund (IMF) would approve a $2.1bn standby facility made Brazil the best performing emerging market in January for the second month in a row, according to indices published by the International Finance Corporation (IFC), part of the World Bank.

Brazil rose 37.6 per cent in dollar terms last month, compared with a 44.9 per cent advance in December. Ms Else Derrick, head analyst for Latin America at London-based investment managers Latin American Securities, says that no less than $122m of foreign capital flowed into the Brazilian stock market in the first few days of January and that average daily turnover topped $100m during the whole month.

According to the dollar-adjusted Bovespa index, the market came off the month's high on profit-taking on the news that the IMF had signed the proposal for Brazil. By January 28, the day of the IMF approval, the local index had climbed 64 per cent; but it closed the month with a 47.8 per cent gain.

Ms Derrick says the market has been losing ground in February, and that average daily volume has halved to around $50m. However, the outlook for the market is still favourable. Equities have been supported by President Fernando Collor de Mello's recent decision to appoint three members of the liberal PSL party as his ministers, thus strengthening his power base in congress.

Furthermore, the government's tight monetary policy and forecasts of a good harvest this year make it plausible that inflation will be in single figures by the end of the year, compared with an estimated 25 per cent in January. However, Ms Derrick believes that the government's forecast of 2 per cent inflation in its letter of intent to the IMF is too optimistic. Investors are also hoping for good news from this month's negotiations with the Paris club grouping of creditor governments.

The worst performer was Pakistan, which fell by 13.4 per cent in dollar terms, partly eroding December's 30.4 per cent record-breaking advance. Karachi fell steadily last month on news of unrest in the southern province of Sind, and continues to weaken.

Rumours of a build-up of troops on the border last week interrupted India's recent rise to new peaks. According to the IFC, India rose by 20.6 per cent in January in dollar terms.

The only other faller on the month was Portugal, down 6.8 per cent in spite of the government's attempts to make the market more attractive.

IFC EMERGING MARKETS PRICE INDICES

Market	No. of stocks	Dollar terms: Jan 31 1992	% Change over month	% Change on Dec '91	Local currency terms: Jan 31 1992	% Change over month	% Change on Dec '91
Latin America							
Argentina	(29)	1,326.96	+3.4	+3.4	72,879,478	+2.6	+2.6
Brazil	(68)	144.39	+37.6	+37.6	58,281,527	+68.5	+68.5
Chile	(35)	1,558.75	+1.1	+1.1	4,259.27	-4.6	-4.6
Colombia	(20)	1,071.94	+33.0	+33.0	6,735.03	+35.0	+35.0
Mexico	(66)	1,611.79	+9.6	+9.6	25,569.89	+8.8	+8.8
Venezuela	(17)	771.05	+14.1	+14.1	6,374.05	+16.3	+16.3
East Asia							
South Korea	(91)	307.40	+7.5	+7.5	233.25	+8.0	+8.0
Philippines	(30)	1,607.37	+11.8	+11.8	2,086.49	+9.7	+9.7
Taiwan, China	(70)	739.94	+17.5	+17.5	468.57	+15.2	+13.2
South Asia							
India	(62)	331.85	+20.6	+20.6	691.78	+21.2	+21.2
Indonesia*	(63)	83.53	+14.0	+14.0	70.72	+14.9	+14.9
Malaysia	(62)	151.89	+5.7	+5.7	164.57	+2.1	+2.1
Pakistan	(58)	276.37	-13.4	-13.4	441.54	-13.6	-13.6
Thailand	(51)	346.07	+9.1	+9.1	323.29	+10.5	+10.5
Euro/Mid East							
Greece	(32)	457.11	+10.4	+10.4	622.70	+17.4	+17.4
Jordan	(27)	97.23	+1.1	+1.1	173.34	+1.6	+1.8
Portugal†	(30)	400.20	-6.8	-6.8	354.07	-4.2	-4.2
Turkey‡	(25)	87.48	+2.9	+2.9	622.92	+10.5	+10.5

*Source: International Finance Corporation. Base date: Dec 1984=100. *Dec 1989=100. †Jan 1986=100 ‡Dec 1986=100.*

EUROPE

Senior bourses take their cue from a variety of sources

SENIOR bourses moved for a variety of reasons yesterday, *writes Our Markets Staff.* Special situations in Paris vied with sector analysis in Frankfurt and Amsterdam, interest rate hopes in Zurich and Madrid and sheer relief in Stockholm.

FT-SE Eurotrack 100 - Feb 11

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1139.67	1140.24	1140.63	1139.84	1139.03	1139.99	1138.74	1137.74

Day's High 1141.35 Day's Low 1137.22

Feb 10	Feb 7	Feb 6	Feb 5	Feb 4
1137.68	1137.10	1138.76	1138.71	1132.79

Base value 1000 (26/10/90).

PARIS saw some volatility, but a slightly easier close, the CAC 40 index losing 1.49 to 1,864.06 in relatively light turnover of FFr1.8bn.

Perrier continued to advance on continued hopes of a counterbid. Dealers reported big buyers but only small amounts of stock on offer, which drove the price up by FFr29 to FFr1,530 with 67,100 shares traded, less than half the volume seen on Monday. Other gainers included Pechiney CI's which rose FFr11 or 3.8 per cent to FFr301 with 104,000 units exchanged on 1991 turnover in line with expectations.

Dealers also reported big turnover in Esso, the subsidiary of Exxon Corp, which jumped FFr23 or 3.4 per cent after a newsletter reported that Saudi Arabia's state oil company, Saudi Aramco, was in talks with Exxon for a stake in its European oil refining and marketing operations. But some analysts said the Saudi story sounded unlikely and attributed the rise to hopes of an increase in the 1991 dividend from FFr25 to FFr40.

Eurotunnel slumped FFr1.85 or 4 per cent to FFr44 with 2.2m shares traded in a delayed reaction to Monday's news of a delay in the tunnel's opening.

FRANKFURT moved chemicals after a shift of recommended weightings within the sector by Deutsche Bank Research.

DBR took Bayer, traditionally highly priced, down from overweight to underweight and the shares fell DM2.90 to DM302.70. BASF, up DM1.50 to DM248.50, was moved from underweight to neutral, and Hoechst (up DM1.70 to DM253.80) from underweight to overweight. DBR added, however, that it expects Bayer to hold its DM13 a share dividend, and those from BASF and Hoechst to be cut, each by DM2 a share, to DM11 for 1991. Hopes of maintained dividends all round were advanced as the reason why the whole sector rose on Monday.

Otherwise, the market was mired in a narrow trading range, the FAZ index rising 2.19 to 688.72 at midsession and the DAX only 1.42 to 1,683.55 as volume rose from DM4.5bn to DM5.4bn.

AMSTERDAM rose marginally, the CBS Tendency Index up 0.6 at 121.9. KLM gained on the back of strong British Airways third quarter results: it rose Fl 1.30 to Fl 39.20 with foreign buying evident. ING, the insurer, fell Fl 0.60 to Fl 51.10 after news that it was looking at cooperation with the Belgian Banque Bruxelles Lambert rather than stakebuilding.

The trading group, Borsumij, put on Fl 4.70, or 8 per cent to Fl 62.70 after indicating a 70 per cent fall in 1991 net profits on Monday. News that the group had been released from a distribution contract for the Benelux and that a new interim management was in place boosted the shares.

KBB put on Fl 4.00, or 5.7 per cent, to Fl 73.00: investors took a positive view on the reorganisation of its Hema division.

ZURICH ended an active session ahead on easier short-term interest rates and a firmer Swiss bond market. The all-share SPI index rose 6.7 to 1,127.1. The average yield on Swiss government bonds has fallen to 6.01 per cent from 6.20 per cent at the end of January, but dealers said yesterday that some investors were now switching funds from money market and bonds into shares.

STOCKHOLM reacted favourably to Ericsson's 1991 result, despite a 67 per cent drop in pre-tax profit. Having discounted the worst earlier, Ericsson B closed SKr2 higher at SKr117 after peaking at SKr123, in turnover of SKr98m.

The Affärsvärlden General index put on 3.5 to 957.4 in turnover of SKr405m. Meanwhile Astra, the pharmaceutical company, saw its restricted A shares rise SKr4 to a new all-time-high of SKr559 after a London note on its relative attractions compared with Glaxo.

MADRID firmed with interest rate speculation and a more positive feeling over tomorrow's January inflation figures helping to boost the market: the general index closed up 2.90 at 259.04. Construction was active, analysts commenting that local investors were probably looking for short-term profits.

MILAN was marginally easier in dull trading with dealers reporting little activity ahead of the monthly options expiry today, apart from some selling in Ifil savings shares which lost L33 to L2,825. The Comit index fell 0.74 to 541.21 in turnover estimated at less than Monday's L79bn.

Among leading industrials, Fiat fell L5 to L4,975 while Olivetti rose L76 or 2.7 per cent to L2,816 in technical trading. Burgo, the paper stock, continued to weaken, losing 1.9 per cent or L175 to L8,715.

BRUSSELS saw the electronics stock Barco rise FFr30 to FFr1,136 in unusually heavy volume of 30,800 shares. The Bel-20 index closed down 0.80 at 1,163.95.

HELSINKI's Hex index hit a new closing high for the year, closing 7.10 higher at 895.07 after two major companies reported 1991 results, and interest rates fell.

Kone reported profits down, but in line with expectations, and its free-B shares rose FM15 to FM435. Enso closed unchanged; it was hit by exchange rates and reported a higher than expected loss of FM950m.

VIENNA rose to its highest level in 1992 in a lively session. The 18-share ATX index added 7.02 to 1,024.15.

ISTANBUL fell to its lowest level since the end of December, the index closing off 275.83, or 6.2 per cent, to 4,182.96. The fall was attributed to heavy selling due to a tight lira, as well as a delay in the preparation of a government plan to develop the capital markets.

Hong Kong loses ground on profit-taking

WITH Tokyo closed, sentiment around the Pacific Rim was mixed yesterday, with profit-taking and consolidation leading a number of the markets off recent highs.

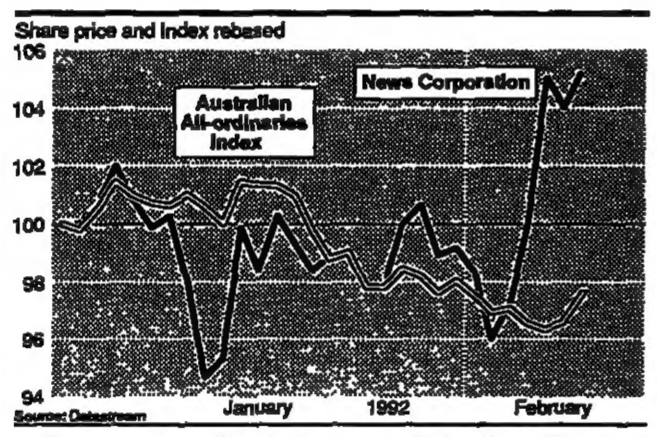
HONG KONG lost ground on profit taking: the Hang Seng index closed 59.04 down at 4,674.52 in turnover of HK$2.4bn (HK$2.87bn). Strong activity in the covered warrant market continued: on Monday it accounted for some 20 per cent of market turnover.

Two stocks which bucked the downward trend were Hong Kong & China Gas and Swire Pacific, both gaining 20 cents to HK$12.60 and HK$25.80 respectively. The property sector declined: Cheung Kong was down 40 cents at HK$21.30.

AUSTRALIA reversed recent losses, with the All Ordinaries index putting on 20.6 or 1.3 per cent to 1,615.5. Turnover was A$341m (A$245m).

News Corp, expected to announce good interim profits tomorrow, rose 18 cents to A$15.78. Analysts are forecasting half-year profits to December of between A$220m and A$250m following a reduction in the group's interest bill and improved operating costs.

Share price and index rebased



Source: Datastream

There was strong interest in the mining sector, with Western Mining up 27 cents to A$4.89 on rumours of stake-building in the company. BHP advanced 20 cents to A$13.52.

NEW ZEALAND firmed, with the NZSE-40 index moving ahead 9.62 to 1,467.92 in turnover of some NZ$26m. Telecom put on 6 cents to NZ$2.36 but Fletcher Challenge shed 2 cents to NZ$3.42.

TAIWAN fell for the fourth consecutive day, the weighted index ending 133.51 or 2.6 per cent lower at 5,072.04 in turnover of T$47.4bn. All sectors were affected, with investors concerned at reports that the government might increase the capital gains tax on property.

SINGAPORE slipped back on profit-taking as investors turned their attention to Malaysia. The Straits Times Industrial index shed 2.50 to 1,523.92 in volume of 56.4m shares (69.1m). The hotel and property sector saw most gains.

KUALA LUMPUR rose in late trading, the composite index closing 1.10 up at 604.45. Volume declined to 91.6m shares from 95m. Resorts World dipped 20 cents to M$11.30 and Malaysian International Shipping shed 15 cents to M$9.00. Kedah Cement was the most actively traded stock and rose 15 cents to M$2.90.

MANILA fell in quiet trading, although brokers said the market could move ahead again following the International Monetary Fund's approval of the government's economic programme. The composite index was off 21.74 at 1,212.79.

SEOUL retreated sharply on profit-taking. The composite index lost 12.86 to 674.32, the first time below 680 for two weeks. Analysts said concern that small companies were facing financial problems was driving the market down.

JAKARTA was easier on profit-taking and a feeling that the time had come to consolidate. The Jardine Fleming index slipped 1.03 to 63.94. Banks were actively traded.

BANGKOK was boosted by activity in property shares, trading in Bangkok Land and Krisda Mahanakorn accounting for some 40 per cent of turnover. The SET index climbed 6.65 to 786.91.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY FEBRUARY 10 1992								FRIDAY FEBRUARY 7 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	141.93	−0.4	115.24	113.67	115.89	126.26	+0.4	4.37	142.65	114.99	112.82	115.56	125.79	160.31	112.74	127.88
Austria (20)	161.38	−0.4	147.27	145.27	148.10	147.93	+0.0	1.95	182.18	146.95	144.18	147.71	147.88	222.37	153.86	196.59
Belgium (46)	143.91	−0.6	116.85	115.25	117.50	114.63	−0.3	5.14	144.80	116.80	114.59	117.40	114.98	151.20	118.04	146.67
Canada (115)	137.76	+0.7	111.85	110.32	112.47	117.36	+0.4	3.14	136.86	110.39	108.31	110.95	116.84	144.28	126.49	138.34
Denmark (36)	266.61	−1.3	216.47	213.53	217.68	220.65	−0.8	1.62	270.08	217.86	213.75	218.98	222.33	273.94	217.74	260.53
Finland (15)	89.62	−0.2	72.76	71.78	73.17	80.43	+0.1	2.64	89.80	72.43	71.07	72.81	80.37	125.15	73.32	104.01
France (106)	153.96	−0.5	125.01	123.30	125.70	129.33	+0.2	3.67	154.70	124.79	122.43	125.42	129.04	154.70	119.11	145.25
Germany (65)	121.79	−0.9	98.88	97.55	99.44	99.44	−0.2	2.32	122.84	99.09	97.23	99.59	99.59	125.35	94.15	122.25
Hong Kong (55)	196.74	+0.5	159.74	157.57	160.65	195.65	+0.4	3.88	195.74	157.89	154.91	158.71	194.88	196.74	119.62	137.56
Ireland (18)	170.88	−0.7	138.75	136.86	139.52	141.89	−0.2	3.60	172.02	138.76	136.14	139.47	142.20	182.46	152.88	162.32
Italy (77)	79.32	−1.9	64.40	63.52	64.76	70.07	−1.3	3.29	80.88	65.22	63.99	65.56	70.96	88.23	64.76	82.27
Japan (473)	125.28	−2.1	101.72	100.33	102.30	100.33	−0.9	0.85	127.91	103.17	101.22	103.72	101.22	146.97	118.23	139.20
Malaysia (68)	243.91	+2.7	198.04	195.33	199.14	244.42	+2.8	2.69	237.40	191.49	187.87	192.47	237.72	247.78	169.18	218.15
Mexico (18)	1553.83	−0.1	1261.60	1244.45	1268.70	5204.50	−0.1	1.00	1554.95	1254.27	1230.60	1260.72	5209.11	1554.95	534.45	600.38
Netherland (31)	155.66	−0.5	126.38	124.66	127.10	125.64	+0.2	4.30	156.48	126.22	123.84	126.88	125.41	156.48	125.70	143.69
New Zealand (14)	44.93	−1.2	36.48	35.98	36.68	44.09	−0.6	6.23	45.46	36.67	35.98	36.86	44.44	54.64	41.18	51.72
Norway (24)	180.69	−1.2	146.71	144.72	147.54	151.06	−0.7	1.77	182.83	147.48	144.70	148.24	152.19	223.24	157.08	212.85
Singapore (38)	226.61	+0.2	183.99	181.49	185.03	169.12	+0.1	2.06	226.11	182.39	178.95	183.32	168.90	228.43	151.63	177.82
South Africa (61)	242.89	−0.2	197.21	194.52	198.31	184.03	−0.4	2.70	243.38	196.32	192.61	197.32	184.72	271.99	173.00	195.89
Spain (52)	159.98	−0.3	129.89	128.13	130.62	119.92	+0.2	4.62	160.47	129.44	127.00	130.10	119.68	171.12	131.51	162.58
Sweden (25)	184.26	−1.9	149.61	147.58	150.45	155.62	−1.3	2.87	187.86	151.53	148.68	152.32	157.68	204.12	148.80	181.82
Switzerland (59)	103.42	−0.8	83.97	82.84	84.46	90.02	+0.1	2.22	104.22	84.06	82.48	84.51	89.94	104.22	82.17	99.12
United Kingdom (233)	184.78	+0.1	150.03	147.97	150.86	150.03	+0.8	4.95	184.60	148.91	146.08	149.66	148.91	187.44	158.27	181.64
USA (523)	166.80	+0.5	137.05	135.20	137.83	166.80	+0.5	2.89	167.89	135.42	132.87	136.12	167.89	171.66	125.95	149.14
Europe (809)	149.93	−0.4	121.74	120.08	122.43	122.76	+0.2	3.95	150.58	121.47	119.17	122.10	122.48	151.52	125.50	147.45
Nordic (100)	185.71	−1.5	150.78	148.73	151.63	149.81	−0.9	2.16	188.52	152.07	149.20	152.85	151.24	200.81	155.55	186.63
Pacific Basin (717)	127.99	−1.8	103.92	102.51	104.51	103.81	−0.7	1.18	130.33	105.13	103.14	105.67	104.56	145.92	117.86	138.37
Euro – Pacific (1526)	137.05	−1.2	111.28	109.76	111.90	112.10	−0.3	2.39	138.72	111.90	109.78	112.47	112.44	147.66	121.29	142.44
North America (638)	166.82	+0.5	135.45	133.62	136.23	165.30	+0.5	2.90	165.91	133.83	131.32	134.54	164.42	168.69	125.91	148.39
Europe Ex. UK (576)	128.74	−0.8	104.53	103.12	105.14	106.99	−0.1	3.24	129.73	104.68	102.73	105.25	107.05	129.80	103.58	125.57
Pacific Ex. Japan (244)	154.78	+0.3	125.67	123.98	126.39	136.79	+0.3	3.54	154.26	124.43	122.10	125.08	137.54	154.78	110.40	129.08
World Ex. US (1720)	139.12	−1.1	112.95	111.42	113.59	114.28	−0.3	2.41	140.68	113.48	111.35	114.07	114.81	148.16	122.32	143.09
World Ex. UK (2010)	144.59	−0.8	117.40	115.81	118.07	129.11	−0.1	2.32	145.39	117.26	115.07	117.89	129.24	150.28	120.06	140.36
World Ex. So. Af. (2182)	147.47	−0.5	119.74	118.12	120.42	130.98	+0.0	2.49	148.20	119.54	117.29	120.16	130.63	153.05	122.92	144.79
World Ex. Japan (1770)	161.52	+0.2	131.14	129.37	131.90	148.67	+0.4	3.30	161.25	130.07	127.82	130.76	148.06	161.90	126.69	147.96
The World Index (2243)	148.08	−0.5	120.23	118.60	120.92	131.16	+0.0	2.59	148.90	120.03	117.77	120.66	131.12	153.70	123.28	144.03

Latest prices were unavailable for this edition.

FT LAW REPORTS

No damages for late pay-out

ITALIA EXPRESS
Queen's Bench Division (Commercial Court): Mr Justice Hirst: February 6 1992

AN ASSURED under a fixed-value marine insurance policy is entitled to recover only up to that value for loss of the vessel; and where payment is delayed he is entitled to interest, but cannot claim unliquidated damages for loss of income or increase in capital value which would have been earned by a replacement vessel, or for hardship, inconvenience and mental distress.

Mr Justice Hirst so held when dismissing a claim by the assured, Mr Apostolos Konstantine Ventouris, for damages for delayed payment of an insurance claim by Lloyd's underwriters, represented by the defendant, Mr Trevor Rex Mountain, in respect of the sinking of the Italia Express. It was held that claims for expenses arising out of the sinking were covered by the policy.

HIS LORDSHIP said that Mr Ventouris claimed against the underwriters under a War Risks insurance policy in respect of Italia Express.

The vessel had been given to Mr Ventouris in January 1988. Two months later, on March 24 1988, she was sunk by explosives at Drapestona, outside Piraeus harbour.

Four days after the sinking, Mr Ventouris served notice of abandonment on the underwriters, and demanded $4m for total loss.

The underwriters did not dispute that the loss fell within one of the insured perils. Their sole defence was that the loss was caused by Mr Ventouris's wilful misconduct.

On the 37th day of the trial the underwriters withdrew those allegations, and submitted to judgment on liability. The very serious charges against Mr Ventouris thus disappeared and he was vindicated. He left the court without a stain on his character. Judgment was entered in his favour on December 19 1991 in the sum of $4m, which was the insured value of the vessel, and $1.61m interest was awarded.

The present issues related to damages claimed by Mr Ventouris.

First, he claimed special or general damages for (a) loss of income which would have been earned by a replacement vessel; (b) loss of increase in capital value of a replacement vessel; and (c) damages for hardship, inconvenience and mental distress.

The underwriters contended that such damages were irrecoverable in principle, and that those claimed under (c) were in any event not sustainable.

It was common ground that a contract of insurance was an agreement by the underwriter to hold the insured harmless against loss or damage from the insured peril, and that the remedy for breach was in damages, not debt (*The Fanti [1991] 2 AC 1*).

Mr Tomlinson for Mr Ventouris submitted that the underwriters' primary obligation was to indemnify him to hold him harmless against the loss, and if the $4m was not paid immediately following demand for payment, then at that stage the underwriter was in breach of contract and his secondary obligation came into being to pay damages at large, not limited to the $4m indemnity.

Mr Clarke for the underwriters submitted that the underwriters' agreement to hold the assured harmless was broken the moment he suffered loss from the insured peril. Therefore, he said, the assured had a right of action the moment the loss occurred, no prior demand was necessary, and no separate subsequent breach was constituted by failure to respond to demand.

Section 67 of the Marine Insurance Act 1906 provided that "(1)The sum which the assured can recover ... to the full extent of the insurable value ... is called the measure of indemnity." Section 68 provided that where there was total loss "(1) If the policy be a valued policy, the measure of indemnity is the sum affixed by the policy".

In *The Fanti* Lord Goff rejected the proposition that a condition of prior payment was, at Common Law, implicit in a contract of indemnity.

In *Irving v Manning (1847) 1 HLC 287* Mr Justice Patteson said a policy of assurance was not a perfect contract of indemnity, in that "the parties may agree beforehand in estimating the value of the subject assured, by way of liquidated damages".

In *Chandris v Argo Insurance [1963] 2 Lloyd's Rep 65* Mr Justice Megaw said that in the absence of special contractual provisions, an assured could bring his action without alleging that demand for payment had been made on the insurer. He held that the cause of action arose when the loss occurred.

In *India v Lips Maritime [1988] AC 395* Lord Brandon said: "There is no such thing as a cause of action in damages for late payment of damages."

Section 67 of the Act together with section 68 in total loss cases, was conclusively definitive of the extent of the insurer's liability for loss of the vessel under a valued policy.

That in itself was sufficient to defeat Mr Tomlinson's argument in marine insurance cases.

While *Fanti* was a liability insurance case, Lord Goff's statement of the law was of general application, extending to property insurance cases also. The two classes of insurance were not different in their essential character, namely that once the loss was suffered, the indemnifier was in breach of contract for having failed to hold the indemnified person harmless.

In *Irving v Manning* the judges meant precisely what they said. *Chandris* also seriously undermined Mr Tomlinson's argument since, if he were right, a demand would always be a necessary prerequisite in property insurance cases for the cause of action to arise.

As a matter of law, Mr Ventouris's claim for loss of the vessel under the policy was limited to the value fixed by the policy, namely $4m. He was not entitled to any additional special or general damages.

The claim was a claim for damages for late payment of damages, contrary to the principle in *Lips*.

As to the claim for hardship, inconvenience and mental stress, there could be little doubt that Mr Ventouris had suffered very serious hardship, inconvenience and mental distress, as a result of the underwriters' refusal over nearly four years to make payment under the policy, and in consequence of the defence against him. He had suffered, not least, a spell of several weeks imprisonment under very unpleasant conditions in Greece.

However, it was well-settled that such damages in contract were only recoverable in the case of a contract to provide peace of mind or freedom from distress.

A marine insurance contract was not of that character, not only because of the very nature of the contract itself (to provide financial indemnity for commercial loss), but also because in the vast majority of contracts the assured was a company which could never invoke the "peace of mind" test.

The claim under subparagraph (c) would therefore have been rejected on that further ground.

Second, Mr Ventouris claimed indemnity in respect of a number of liabilities, costs and expenses arising in relation to the sinking of the vessel.

Under the Protection and Indemnity (P&I) clause in the policy the insurance covered any P&I claims "as would be paid under the entry of the insured vessel with any insurer scheduled hereto". And in the event of there being no club entry, "the vessel shall be deemed entered" for all P&I risks with the Britannia Steam-Ship Insurance Association (BSIA).

The vessel was entered with the British Marine Mutual Insurance Association (BMM), but that was not recorded on the schedule.

Mr Tomlinson submitted that the club with which the vessel was actually entered applied. Mr Popplewell submitted that in the absence of insertion in the schedule, the applicable club was the Britannia.

In the P&I clause, "entry" of the vessel was a matter of established fact; insertion of the insurer on the schedule was no more than an administrative requirement.

As a matter of construction, the applicable P&I club under the P&I clause, was that with which the assured was in fact entered, ie BMM.

Under BMM Rules, Mr Ventouris would be entitled to recover for wreck charges if properly levied by the Piraeus Port Authority, and for wreck removal. A "pay to be paid" clause in the Rules was not incorporated in the P&I clause, in that the purpose of the P&I clause was to define and delineate the risks covered.

Had the Britannia Rules applied there would have been no bar to a claim and again, Mr Ventouris would have come within their scope.

For the underwriters: Christopher Clarke QC and Andrew Popplewell (Ince & Co).
For Mr Ventouris: Stephen Tomlinson QC and Stephen Hofmeyr (Hill Taylor Dickinson).

Rachel Davies
Barrister